

Mrs Thatcher drops three senior ministers in reshuffle

Mr Norman St John-Stevens, leader of the Commons, is one of six ministers dropped by the Prime Minister in her first government reshuffle. Mr Angus Maude, Paymaster General, resigns and receives a knighthood and Mr Reg Prentice, former Labour minister and Minister for Social Security in the Thatcher administration, has resigned on health grounds. His job goes to Mr Hugh Rossi.

Mr Pym to be Commons leader

By Michael Hatfield
Political Reporter

Three senior ministers were dropped last night by Mrs Margaret Thatcher in her first ministerial reconstruction since she became Prime Minister.

Mr Norman St John-Stevens, Leader of the Commons, Minister for the Arts and a so-called "wet", has been dismissed and returns to the back benches, having refused a junior ministerial role as spokesman on the arts.

Mr Angus Maude, Paymaster General, responsible for government information, who indicated to the Prime Minister some time ago that he was willing to resign at the appropriate time, receives a knighthood.

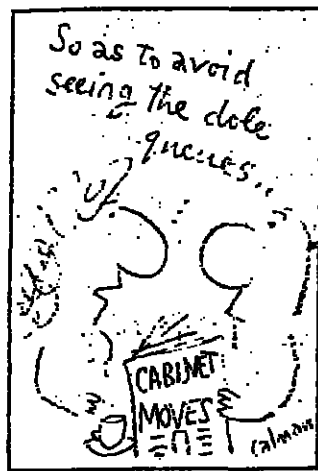
The third minister, Mr Reg Prentice, a former Labour minister, who was appointed Minister for Social Security, when Mrs Thatcher took office, has resigned on health grounds.

The changes are more sweeping than expected but the timing of last night's announcement took most politicians by surprise. It was authoritatively stated that the reshuffle did not mean any change in direction by the Government and was indeed shaped to strengthen its economic policy.

Mr Francis Pym, formerly Secretary of State for Defence, who demonstrated his political talent as a business manager while in Opposition, takes over the role of Leader of the House and Paymaster General, responsible for co-ordinating government policy and also government information services, which have been under attack by Conservative party supporters in recent months.

Although Mr Pym's role will strengthen his position inside the party—he has been seen in the past as a possible successor to Mrs Thatcher—his replacement by Mr John Nott as Secretary of State for Defence indicates a tougher line on defence spending.

Mr Pym fought a tough behind-the-scenes battle against



Further defence cuts, almost to the point of resignation, in the last round of Cabinet public expenditure cuts, whereas Mr Nott, as Secretary of State for Trade, has showed he belonged to the strict monetarist school of Cabinet ministers.

Mr Nott's successor in that post is Mr John Biffen, another monetarist, who, as Chief Secretary to the Treasury, was in the forefront of the Government's determination to cut public expenditure and reduce the public sector borrowing requirement.

Even he, however, like Sir Geoffrey Howe, Chancellor of the Exchequer, came to realize that the Government was running dangerously close to ending its manifesto commitments.

The new Chief Secretary to the Treasury, with a seat in the Cabinet, is Mr John Nott, formerly Minister of State at the Home Office, whose promotion will be widely regarded as being rightly deserved.

Another newcomer to the Cabinet is Mr Norman Fowler, who has been promoted to Secretary of State for Transport; he was formerly a Minister of State.

Mr Paul Channon, formerly

in the Civil Service Department, becomes spokesman for the arts in succession to Mr St John-Stevens, with the rank of Minister of State at the Department of Education and Science.

His successor as Minister of State in the Civil Service Department is Mr Barney Hayhoe, formerly Under Secretary of State for Defence for the Army. Among the newcomers to the Government are Mr Kenneth Baker, a close colleague of Mr Edward Heath and chairman of the Tory backbench industry group, who becomes a Minister of State for Industry, and Mr John Patten, a backbencher, who becomes an Under Secretary of State for Northern Ireland.

The other new Minister of State for Industry is Mr Norman Tabbitt, a right-winger, who was formerly Under Secretary of State for Trade.

The dismissal of Mr St John-Stevens will come as no surprise to many of his colleagues and possibly himself. He was probably the most outspoken of the group of Cabinet ministers who do not share wholeheartedly the Government's monetarist approach to the economy, as was implicit in a speech he made to a fringe meeting at the Tory Party conference in Brighton last year.

He is identified with the "Heathite" among Conservatives at Westminster and his dismissal will be seen by the Tory left as a toughening of government economic policy by Mrs Thatcher.

His ministerial epiphany will probably be that he was victim of his own waspish wit in the Commons, and of his openness.

Mr Prentice's former job is taken by Mr Hugh Rossi, formerly Minister of State at the Northern Ireland Office. Under Secretary at the Department of Trade will be Lord Trefgarne, a former Lord-in-Waiting.

Letters of resignation; List of appointments, page 2



Police holding back the crowd at Dewsbury yesterday. More than a thousand people gathered in the streets.

Lorry driver charged with murder of Leeds student

From Ronald Kershaw
Dewsbury

At Dewsbury magistrates' court, West Yorkshire, yesterday, Peter William Sutcliffe, aged 35, a lorry driver, of Garden Lane, Heaton, Bradford, was charged with the murder of Miss Jacqueline Hill, aged 20, a Leeds University student of Lupton Flats, Leeds, whose body was found on November 18 last year.

He was remanded in custody until Wednesday, January 14. Mr Sut-

cliffe was not represented and made no application for bail.

Mr Maurice Shaffner appeared for the prosecution.

Mr Sutcliffe also faced a second charge of stealing two motor car registration plates, valued at 50p, from Mr Cyril Balmforth, a motor dealer, of Brighouse, West Yorkshire.

Reporting restrictions were not lifted.

Street disturbances: More than a thousand people were outside the courtroom before the hearing as Mr

Sutcliffe was brought to Dewsbury Victorian town hall, which houses the magistrates' courts.

People had started gathering in the morning and two hours before the hearing police were hard pressed to contain hundreds of children who made up a large proportion of the crowd.

Patrols were sought on walls and window sills in the hope of catching a glimpse of the accused as he was taken to the few hundred yards from Dewsbury police station to the court.

The mill town itself, still sporting Christmas decorations, had an almost carnival atmosphere and local housewives declared they had not seen such a busy Monday for years.

Curious drivers drove at snail's pace through the streets, not helping the men on point duty.

Police and press appeared to be everywhere. Not a telephone kiosk in the town centre was vacant for more than seconds at a time as about 100 journalists recorded the events of the day.

Scottish ghost village sold to foreign buyer

By Michael Horsnell

A Scottish ghost village on the shore of Loch Fyne, which became a monumental planning disaster after taxpayers spent £2.5m to build it five years ago, has been sold to a foreign buyer for about £500,000.

The redundant village of Polphail, built for 500 North Sea oil construction workers from Portavadie, where an £11.5m dry dock remains deserted, earned the Department of Energy a rebate from the Commons Public Accounts Committee last year.

It was understood yesterday that Polphail, in a bad state of disrepair, had been sold to a Dutch buyer, Turner, Rudge and Turner, the Sussex estate agents who handled the sale, said it was not known what would become of it.

The series of disasters that led to the site was described by a local councillor as a "nightmare" as a result of an oversight by civil servants who forgot to take the Polphail site into public ownership.

A spokesman for the estate agents said: "Unfortunately for the Government, under Scottish law all buildings belong to the landowners and the Department of Energy did not have time to buy the land at Polphail. This meant that the Government has no rights of ownership in the village."

When orders for concrete oil platforms which were to have been built at Portavadie, failed to materialize, the owners of the land an contractors SEA Platform Constructors (Scotland) (SPCS) decided to place the property on the market. No comment was available from the company last night.

Despite local objections in 1974 the Government chose Portavadie as a site for a gas terminal for the North Sea oil fields. After a public inquiry approval was given.

The Department of Energy said: "At the time the gashead was given for the building of the village the bottom fell out of the concrete platform market. By then the Secretary of State for Scotland had taken the Portavadie site into public ownership."

The civil servants did not include Polphail. "The small piece of land on which the village stands is owned by SPCS," the department said.

French poll predicts Giscard defeat

de Paris, shows a clear majority favour a president who is chosen by the people.

The paper said "Giscard will have to invent a new Giscard if he wants to win the election." The poll shows Mr Mitterrand winning almost exactly the same percentage of votes as in the centrist President's run to defeat him in the 1974 presidential election. Page 5

BL goes into top gear for Metro

BL, in recruiting 1,000 new workers to prepare for the Metro's entry into continental markets in the spring, while at the same time the company is going flat out to catch up with production lost during the dispute over the high dislocation at Longbridge. As thousands reported for work after the holiday, the joint union-management inquiry chaired by an Acaas official started work. Page 2

Nkomo attack on press takeover

The Zimbabwe Government decision to take control of the press has been denounced by Mr Joshua Nkomo, the Minister of Home Affairs and leader of the Patriotic Front, in an interview with The Herald, one of the newspapers affected. He implied that Zimbabwe's five main newspapers would become mouthpieces for Mr Mugabe's Zanu (PF) Party. Page 6

Top scientist jobs 'should go'

The posts of chief scientist at the Ministry of Agriculture (salary, £24,500) and the deputy director-general of the Agricultural Development and Advisory Service (£22,110) should be abolished, a committee of civil servants has proposed. Page 4

Afghan minister in Delhi talks

Dr Anahita Ratebzad, Afghan Minister of Education, had a 40-minute meeting with Mrs Indira Gandhi, the Indian Prime Minister. She said Afghanistan was willing to discuss outstanding issues with Pakistan and Iran in the presence of a United Nations representative. Page 6

Mr Reagan visits Mexican leader

President-elect Ronald Reagan crossed the border to meet President Lopez Portillo of Mexico on a visit designed to improve relations between their two countries. Page 6

Leader page 13

Letters: On civil defence, from Mr C. Harding and Mr A. B. Sanderson; on the television from Mr Maurice Smith; and others. Leading articles: Italian terrorism; The press in Zimbabwe; Features, pages 9 and 12; Trevor Felbeck, 20 pages; Mrs Chaudhry's first year back in office; Five new faces in Brussels; Bernard Levin's exclusive Afghan report; Arts, page 8

John Russell Taylor on the work of Leon Karmel, and other new shows in London; David Wade on radio

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Union leaders back steel pay freeze

By Paul Routledge

Trade union leaders backing a pay freeze for steelworkers in the "survival" measures that will shut some plants and reduce output at others, a "host" of many thousands of jobs.

It was clear last night that the trade union leaders were backing BSC management. In their circular to branches they say: "It is the view of the trade union side that there is no alternative in the present circumstances."

This policy decision will ensure the steelworkers' union, with whom the craftsmen differed strongly over the wisdom of last year's "march on BSC" strike, but will come as a substantial blow to the British Steel campaign to win shop-floor support for the shutdown operation.

Mr "Catt" insisted that there was really no alternative to the shutdown. He said that the steelworkers' union, representing many grades of workers from labourers to skilled engineers, also had to accept the decision. He said that the January 1 shutdown was a "necessary evil" and that the union would be prepared to accept a pay freeze for the period.

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From left: Mr Francis Pym, Mr John Nott, Mr St John-Stevens and Mr John Biffen.

Ulster ferry likely to restart soon

By David Felton
Labour Reporter

Hopes rose last night that the ferry service between Liverpool and Belfast, the only sea link between England and Ulster, can be restarted soon. Talks were held yesterday between P & O Ferries, which operated the service, and the National Union of Seamen.

The company announced last week that it was withdrawing its two ships because they were losing money and said that a 45-hour strike by members of the seamen's union on board the Ulster Queen and Ulster Princess had been "the final straw".

During a day of hectic meetings yesterday, the union initially stepped up its action against P & O by trapping 100 ships in English ports by representations by union officials from Liverpool.

A union delegation, led by Mr James Slater, its general secretary, then met senior P & O management. After the two-hour session, Mr Slater said: "The closure threat appears to have been lifted."

Mr Ian Churcher, P & O Ferries chairman, said he hoped the service would be running again by the weekend.

The company had earlier said that a prerequisite for restarting the service was a "reduction in manning levels", but job losses were apparently not discussed at yesterday's meeting. Talks between P & O management and officials of the six unions with members affected by the closure are to be held in Liverpool today when it is thought that a cost-cutting programme will be discussed.

Earlier, Mr Churcher and other P & O executives are due to meet Mr Giles Shaw, Parliamentary Under Secretary of State for Northern Ireland. Mr Shaw is expected to impress on the company the great social value of the ferry service.

Tehran scorns American cash offer for hostages

Asked if the hostages would be tried, Mr Ayat said that a decision would be taken when the United States "did not want to resolve the issue."

He said that the hostage issue would take "a long time" to resolve, but he added it was "not necessary" to give Washington a deadline for satisfying the Iranian demands before putting the hostages on trial.

The American demand for a response to Washington's latest gesture in time for President Carter to take the necessary steps before he hands over power to Mr Ronald Reagan on January 20 was "not Iran's problem," Mr Ayat said.

Agence France-Presse. Iran offensive, page 6

Italian Government rejects Red Brigades deal to save life of kidnapped judge

From John Earle
Rome, Jan 5

The Italian Government today rejected negotiations with the Red Brigades for the life of Signor Giovanni d'Urso, a judge of the Prison Department of the Justice Ministry, kidnapped by them on December 12.

Signor Adolfo Sarti, the Minister of Justice, said he could confirm that every effort was being made to save the judge and return him to his family, "but the Government has a duty of declaring that the procedures proposed by the terrorists have no possibility of being accepted."

Signor Sarti was replying to questions from all parties in the Senate, which has been recalled from the Christmas recess a week early to discuss the emergency. The kidnapping was followed by a revolt by terrorists in Trani maximum security prison which was successfully suppressed by the killing of a general responsible for prison security, and by the publication of a long interview with the

Red Brigades by a weekly magazine, L'Espresso.

Signor Sarti specifically refused to consider a demand made by the Red Brigades yesterday that, while they had "sentenced" Signor d'Urso to death, the sentence might be suspended if their members inside Trani and another maximum security prison, Pafani, were allowed freely to express their views on his case in the press and on television.

Referring to the Trani revolt, the minister said: "The terrorists are trying to destroy the judicial structure of the country for the reason that it is the bulwark dividing civilized society from a violent society."

A spokesman for the Interior Ministry told the Senate that there was "no objective evidence of terrorism being inspired or supported by foreign organizations or secret services."

The interview in L'Espresso has brought, as well as the arrest of two of its journalists, heated public debate about the

morality of the press allowing itself to be a vehicle for terrorist propaganda. Today the Milan Corriere Della Sera, the daily with the biggest national circulation, announced it was imposing a news blackout on itself concerning terrorist demands in the d'Urso case.

It was followed by similar announcements from another Milan daily, Il Giornale Nuovo, whose editor, Signor Indro Montanelli, was kidnapped some time ago, and by the evening paper La Notte.

The extreme right-wing Italian Social Movement has announced it will collect signatures to petition for a referendum on restoring the death penalty.

Meanwhile, at Rome airport the arrest was announced of Roberto Giordani, wanted for alleged connections with another far-right extremist organization, Prime Lines (Prime Line). He was about to embark on an aircraft to fly to Sri Lanka via

Aeroflot to fly to Sri Lanka via

Michael Schembry is incurable

"If a bit of a bird" he says.

Michael Schembry used to lead a regular life. He worked hard, loved walking and running, and came to us.

We have over 270 severely disabled people in our care. We cannot cure them, but we can help them. Skilled care has helped Michael learn to live with his illness. "It's a bit of a bird," he says. "But I know I had to come to terms with it."

We too, need help. We are not part of the Health Service and we rely on the generosity of the community. Please, help us with a donation, a deed of kindness or a bequest.

THE ROYAL HOSPITAL, HOME FOR INCURABLES, (Rushmore and Brighton). Dept. 2, West Hill, Putney, London, SW15 3NW. R.H. H.V.I.

Patrons: HM The Queen and HM The Queen Mother. Directors: Appointments and Honorary. Air Commodore D.E. Huxton, Obit, DFC, AFC.

HOME NEWS

Businessmen jailed for part in £3.4m silver bullion raid

Four businessmen helped to carry out Britain's biggest hi-jacking, the theft of more than £3m of silver bullion. It was stated in the Central Criminal Court yesterday.

Mr Timothy Cassell, for the prosecution, said the 321 ingots were dumped in a north London garage while the gang, having discovered their value, tried to work out how to return them. Two months later detectives recovered most of the stolen silver after information from Michael Gervaise, aged 37, a jeweller, who had been one of the three men behind the robbery and became an informer.

Mr Gervaise and two other men being sought by Scotland Yard had recruited four amateurs for the robbery, counsel continued. Gibson, aged 38, William Parker, aged 42, Rudolph Aguda, aged 49, and his uncle Rudolph Aguda, aged 49.

Mr Gibson, property developer, of Old Park Road, Enfield, London; Mr Parker, transport manager, of Cranborne Road, Putney, London; Mr Aguda, a contractor, of Warren Road, Chingford, London; and Rudolph Aguda, company director, of Cherrydown Avenue, Chingford, pleaded guilty to the £3,397,000 silver robbery at Ribblesdale, Lancashire, on March 24 last year.

December, Mr Gervaise, of Dellville Close, Radlett, Hertfordshire, admitted the robbery as well as other major crimes and was remanded for sentence after the court was told that he had informed on dozens of criminal associates.

Mr Gibson and the Agudas were jailed for 10 years each. Mr Parker, the gang's "inside" man, was jailed for seven years.

Judge Miskin, QC, the Recorder, said: "This was a skillfully designed and executed plot. It was conceived and devised by Gervaise, he being in command, and it was his brainchild."

The judge said he was greatly reduced the sentence because the defendants had been co-operative with detectives and

Whitehall brief: Cabinet papers show how Britain avoided McCarthyism Successful cold war purge without hysteria

By Peter Hennessy

Why did Britain manage to avoid McCarthyism? The question may have crossed the minds of those who saw BBC Television's superb recent series on the life of Robert Oppenheimer, with its dramatic reconstruction of his loyalty hearing and the general security mania that afflicted Washington in the early 1950s and became associated with the name of the Wisconsin Senator.

On the face of it the United Kingdom should have been more prone to what Mr Dean Acheson, President Truman's first Secretary of State, liked to call an "attack by the primitives" than the United States. Whitehall uncovered an alarming trail of spies in government service in the 1940s and 1950s, from Professor Alan Nunn May, through Dr Klaus Fuchs and Dr Bruno Pontecorvo to Mr Donald Maclean and Mr Guy Burgess.

Our economy was immeasurably shakier than that of the United States, our Armed Forces weaker and physically the United Kingdom was that much closer to Stalin's feared Red Army.

It is a question that intrigued a number of American scholars in the 1960s and was alluded to more recently in Mr David Cauter's highly readable study, *The Great Fear*, in which he wrote: "The British of the Attlee era... kept their heads; teachers and professors were not purged; dismissals in the Civil Service were few and confined mainly to genuinely sensitive jobs; Parliament did not go witchhunting; there was no Un-British Activities Committee to whip up animosity towards radicals or fellow travellers; no rash of loyalty oaths brought disgrace to the professions...."

Having stumbled through the cold war with this myopic attitude, Britain emerged with just as few communists as before.

More of an answer to the question can now be given, for the Civil Service at least, thanks to papers that reached the Public Record Office last week under the 30-year rule. A comparison of numbers purged tells only part of the story.

In the United States, 9,500 federal civil servants were dismissed and 15,000 resigned while under investigation. In Britain since 1948, 25 civil servants have been dismissed for security reasons, 25 resigned, 88 were transferred to non-sensitive work and 33 reinstated.

Cabinet papers declassified on Friday show that the sole British equivalent of a host of



Sir John Wynn-Williams: "We should not make martyrs."

Congressional committees and loyalty boards in the United States was a Cabinet Committee on Subversive Activities, chaired by Mr Clement Attlee, the Prime Minister, between May, 1947, and September, 1951.

The bulk of its staff work was undertaken by Sir John Wynn-Williams, a Treasury official, who supervised for several years the purge procedure introduced by the Attlee Government in March, 1948, and heightened after the Fuchs case led to a further review by Sir John in 1950.

Call to end Labour's 'needless' clashes

By Geoffrey Browning

An appeal for unity within the Labour Party and an end to needless differences was made last night by the treasurer, Mr Norman Atkinson, MP for Raringey, Tottenham.

Echoing the plea for party unity by Mr Roy Mason, MP for Barnsley and shadow agriculture minister, at the weekend, Mr Atkinson, a member of the NEC, said that above all the party needed to establish credibility for its policies.

Speaking at the annual meeting of Dorset Labour Parties at Wootton Bassett, he said: "We must do three things initially to follow the battle-cry of Mr Michael Foot, leader of the party, to rid Britain of Thatcherism."

It must try to end needless differences between the parliamentary party and the National executive committee. It must decide to what extent the PLP and the trade unions should end existing collaboration with the Tories and pursue a policy of strict non-cooperation. It must work as hard as it could to agree on the socialist alternative for Britain.

Mr Atkinson said the party's position would be exploited by the press and all other anti-socialists, and that everyone must sacrifice something to attain absolute unity.

On credibility for policies, Mr Atkinson said the three main issues of nuclear disarmament, full employment and the adequate funding of the social services meant such fundamental changes that time was not on their side.

The sooner Labour could publish a simple statement over the signatures of its front-bench spokesmen, setting out its commitment in this regard, the sooner the campaign could start.

On Saturday Mr Mason declared that Labour was crumbling at the edges and that 1981 would be a make or break year for the party.

In brief

Mosque attack inquiry sought

Mr William Whitelaw, Home Secretary, is to be asked to hold a public inquiry into an attack on a mosque at Luton by Chelsea football supporters on Boxing Day. Four people were injured.

The inquiry was called for at a meeting at Luton on Sunday, which was attended by 500 people.

Oil-covered seabirds found in Sussex

Nearly 400 oil-covered gulls, moths and other seabirds have been treated at sanctuaries at Sheffield Park, East Sussex, and Eastham, West Sussex, in recent weeks. Many birds have died. No oil has been reported on West Sussex beaches.

'Joe the Greek' hearing

Jordanis Vratsides, known as Joe the Greek, who was arrested by the Rome police last year and extradited, will appear before magistrates at Highgate, London, today charged with four attempted murders, seven armed robberies and two deception charges involving passports.

Canoeists missing

A search for two canoeists feared drowned in Bassenthwaite Lake, Cumbria, will resume this morning. They are Mr John Molyneux, aged 36, from London, and Mr David Jones, aged 26, from Dartford.

Docks ruling next week

A decision on the former Survey docks site in London is expected next week. Recommendations go before Southwark council on Tuesday and the Greater London Council on Wednesday.

Queen to open bridge

The Queen will officially open the £80m Humber Bridge on July 17. It is expected that the bridge will be opened to traffic in April.

M62 tanker fire

A 10-mile stretch of the M62 between Liverpool and Manchester was closed yesterday because of toxic fumes from a burning tanker.

Zoo owner quits RSPB after case

From Our Correspondent

Milton Keynes

Christopher Marler, an animal conservationist and zoo owner, is resigning from the Royal Society for the Protection of Birds after a court case brought a prosecution against him involving two rare snowy owls.

Mr Marler, aged 48, owner of the Flamingo Zoological Gardens at Weston Underwood, Buckinghamshire, was found guilty at Newport Magistrates' Court yesterday of selling the owls illegally. The birds did not have rings on their legs to prove they were bred in captivity.

One of the birds was sent to Mr Marler by Bristol Zoo the night before a sale of surplus stock at Weston Underwood. Mr Marler, vice-chairman of the British Zoo Federation, was given a conditional discharge. The society's claim for £50 costs was dismissed.

Mr Marler told the court that he had acted in good faith in buying one of the owls from a very reputable zoo. He knew it was bred in captivity.

He told the court: "It appears that the society is quite determined to take the zoo world on. I am afraid that the society's attitude to those of us who breed things in captivity is well known."

He said afterwards: "The RSPB has this high and mighty attitude about things being bred in captivity. For many species captivity and selective breeding under the proper conditions is the only hope of survival."

He obtained the zoo-bred male owl to make up a pair. The court heard that zos were not obliged to ring birds bred in captivity.

Mr Marler said that he was resigning from the society in disgust as a result of the court proceedings.

Teaching courses 'need science recruits'

By Our Education Correspondent

HM Inspectorate for Schools (HMI) says it is disturbed to find that less than one third of graduates training to become specialist secondary school teachers have degrees in mathematics or the sciences.

In a discussion paper on post-graduate certificate of education courses (PGCE), published yesterday, the inspectors call on colleges and universities to strive to obtain a better balance between arts and science subjects recruited to PGCE courses.

In primary schools, only one graduate in eight on PGCE courses was found to have a science or mathematics degree. Some 10,000 teachers, accounting for more than half the total output of new teachers, come from the PGCE route each year.

The report notes that most PGCE students on secondary school courses take a "method course" in a second subject in addition to their main degree subject.

The advantages of teachers being able to offer a soundly based second subject were increasingly being recognized, particularly at a time of falling pupil numbers in schools, the inspectors say.

However, they emphasize the need to ensure that students had an entry qualification to pursue the second specialism at some depth.

That was particularly important in view of the findings, noted in the HMI's recent survey of secondary schools, that "some teachers are operating at or beyond the limits of their knowledge."

The inspectors comment favourably on the growing tendency for colleges to base their PGCE courses on students' first-hand experience in schools.

There had been widespread concern about the inadequacy of teaching practice in PGCE courses, and the excessive emphasis on educational theory at the expense of adequate preparation for students' responsibilities.

PGCE in the public sector: an HMI discussion paper (Department of Education and Science, Room 2/11 Elizabeth House, York Road, London SE1 7PE).

Sikh girl told trousers are unacceptable for a nurse

By Lucy Hodges

Nurses feel as strongly about the tradition of their uniform as Sikhs do about women having to wear trousers, an industrial tribunal was told yesterday.

The case on which it was deliberating concerned Miss Tajinder Kaur, a Sikh, aged 18, of Swindon, who was rejected as a student nurse because she wanted to wear trousers, as dictated by her religion and culture.

Miss Kaur, who is being supported by the Commission for Racial Equality, is accusing Kingston and Richmond Area Health Authority of indirect racial discrimination. Mr Kuttan Menon, who represented her, said that the trousers were in breach of the Race Relations Act of 1976 because it effectively kept a racial group out of nursing in that area.

Kingston said it had recruited other Asian women who were prepared to wear thick black

tights to maintain modesty. When the hearing resumed yesterday, Miss Anne Potter, Kingston's nursing personnel officer, said that nurses' uniform dated from the twelfth century.

The uniform derived from the religious nursing orders and had become sacrosanct, Miss Potter said: "A lot of very senior nurses feel that this tradition is important and should be given equal weight with the traditions you are considering here."

Mr Menon said he was not challenging the need for a uniform but was asking for an alternative to it. He said that Roman Catholic nursing agency nurses were allowed to wear their own uniform in Kingston, so why not a Sikh?

Miss Potter said that if Sikh trousers were worn under a nurse's dress that would be unacceptable.

Judgment was reserved.

MP joins in demonstration outside EXIT case court

By David Nicholson-Lord

A Labour MP joined in a demonstration yesterday outside Hendon Magistrates' Court in support of Nicholas Reed, general secretary of EXIT, the voluntary euthanasia society, who is facing charges of helping people to commit suicide.

Miss Sheila Wright, MP for Birmingham, Handsworth, was one of 30 EXIT members who waited outside the court with banners and placards as Mr Reed, appearing for the second time, was remanded on bail of £2,000 until February 2.

Mr Reed, aged 33, of New Cross, south-east London, is charged on two counts of aiding and abetting suicide and four of conspiring to aid and abet suicide. Charged with him with conspiracy is Mark Lyons, aged 69, of Hampstead, London, who faces a further charge of murder and five charges of aiding and abetting suicide. Mr Lyons was remanded in custody.

Reporting restrictions were lifted at a previous hearing.

Girl heard youth shoot himself after phone talk

A youth shot himself after a telephone conversation with a girl friend on Christmas Eve, a coroner was told yesterday.

Mr Philip Gill, the Leeds coroner, recorded a verdict that David Crossland, aged 18, a miner, of Church Road, Great Preston, near Leeds, killed himself.

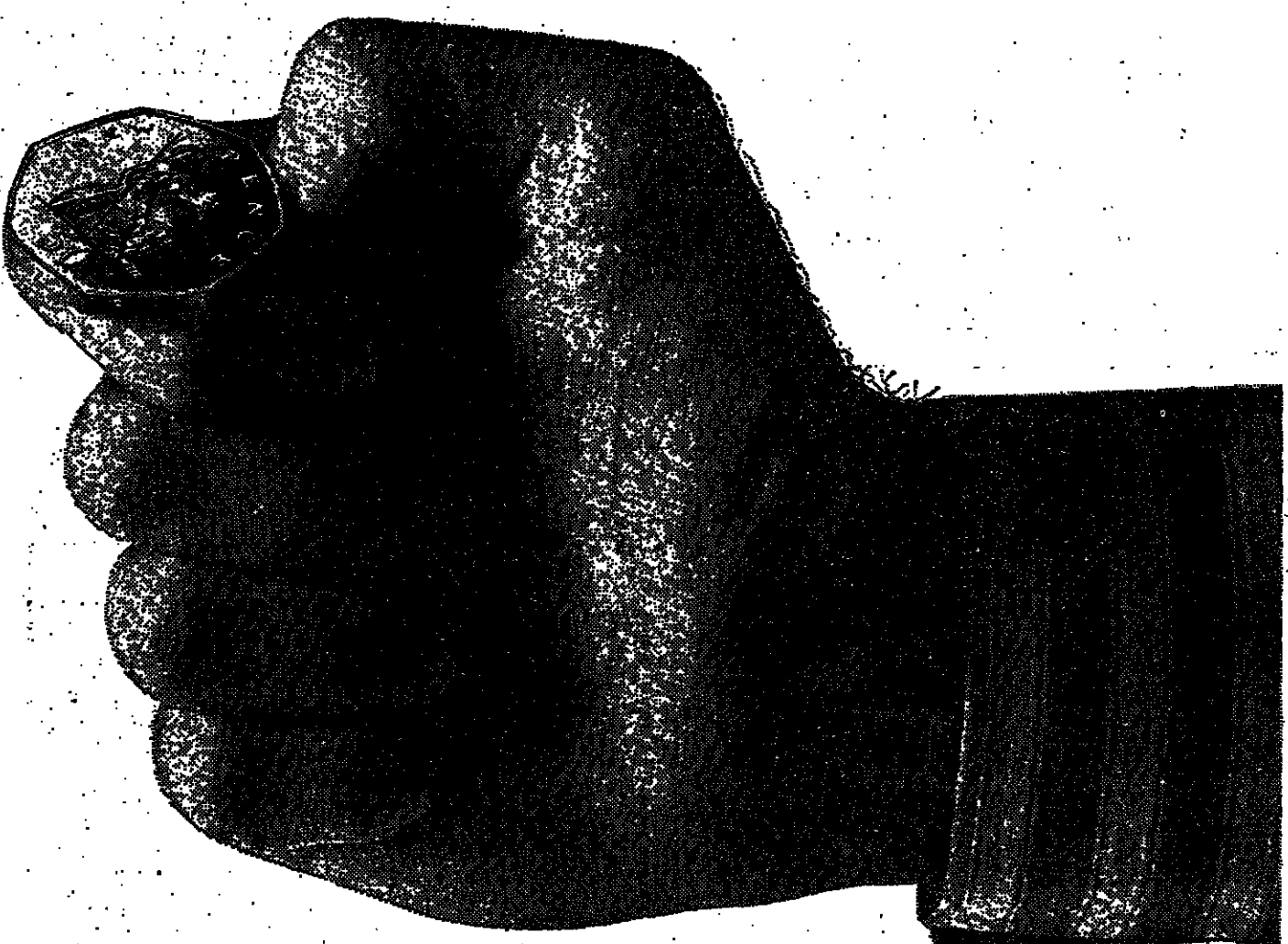
Mr Brian Crossland said his son had been having a relationship with a girl. She kept leaving him and then coming back.

On December 24, he said, he was told that David had gone out to telephone the girl. A shotgun was missing.

Shortly afterwards, he said, the girl telephoned his brother-in-law to say she had heard a shot fired at the end of the telephone conversation.

Mr Crossland said: "I could not understand him doing it deliberately. I think he may have slipped. He looked forward very much to Christmas."

Sergeant Peter Gough said: "I am satisfied the gun was held to the head and that it did not go off accidentally."



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Abolition of top farm science jobs proposed

By Hugh Clayton

A committee of civil servants has proposed that two of the most senior government posts in agricultural science should be abolished. The posts are those of chief scientist at the Ministry of Agriculture, Fisheries and Food, and deputy director-general of the Agricultural Development and Advisory Service.

The former is held by Dr Bernard Weitz, aged 61, a member of two government research councils who began work in the state scientific service in 1942. His job is ranked at the level of deputy secretary at a salary of £24,500 a year.

The deputy director-general is Mr Eric Carter, aged 57, who has worked in the government farm advisory services since 1946. He is paid £22,110. The committee which recommended the abolition of his job includes the immediate superior, Dr Keith Dexter.

Dr Dexter, director-general of the development and advisory service, is 53.

He is a member of a committee of senior officials from the Ministry, the Treasury and the Civil Service Department which has spent the past year on a cost-cutting review of civil service staff. The committee is chaired by Sir Brian Hayes, Permanent Secretary at the ministry.

The committee has also decided to eliminate a further 20 senior posts in the development and advisory service by enforcing retirement at 60 and abandoning the usual practice of allowing the staff to stay on until they are 65.

Most senior staff at the ministry are members of the Institution of Professional Civil Servants.

A ministry spokesman said that there was no question of dismissals. The proposed job cuts were being negotiated with unions. He emphasized that the committee which had called for them reported to ministers and was unconnected with the work done by Sir Derek Rayner, who was appointed by the Prime Minister in 1979 to investigate waste in the Civil Service.

Dealer who stole Picassos jailed

Sacheverell de Houghton, aged 41, an Oxford graduate and former art dealer, pleaded guilty at Oxford Crown Court yesterday to burglary at Campion Hall, which caters for theological students at Oxford University. He was jailed by Judge Leo Clark, QC, for four years.

Mr Alan Mainds, for the prosecution said Mr de Houghton stole 10 paintings, including some by Augustus John and Picasso, with another man after hearing about them in prison.

Showing seamy side of a drinkers' paradise

Henry VIII must share some of the blame for the trials and tribulations of Carmarthen town, for it was he who established in a royal charter the right of its ale houses to be open all day on most days of the week.

Despite protests from churchmen, the town has been recognized as a Welsh drinker's paradise. It is the only town in Wales where the right of its ale houses to be open all day on most days of the week.

A splendid example of that was the attempt in 1802 by Sir William Paxton, the London banker, to secure the loyalty of the few people eligible to vote.

In a monumental two-week campaign which became known as the great election, Paxton paid for 11,070 breakfasts, 36,901 dinners, 684 suppers, 25,275 gallons of ale, 11,068 bottles of stout, 8,879 bottles of port, 460 bottles of sherry and 509 bottles of cider.

In addition, he promised if elected to build a bridge over the town but erected instead a tower known as Paxton's folly when the voters rejected him.

That splendid tale of a town that is still not entirely tamed is told in a new book, *A Shilling for Carmarthen*, by Det Chief Supt Pat Molloy, head of Dyfed-Powys CID.

The book is essentially a history of the local police force: for 80 years there were just 12 of them. Hence the title: it pays a shilling for the social and political life of the town.

As Wynford Vaughan-Thomas says, local historians tend to hurry over the 'seamy side', but Mr Molloy does not. He dissects the real life so often overlooked by great historians who illuminate the sweep of world events.

The force of which he is justly proud to be a member has evolved from a ragmuffin collection of illiterates and drunks scarcely better than the members of the infamous 'Carmarthen mob' they sought to control.

Nor were their morals much better than those of the rabble. The book explains: 'At the same hearing, Constable William Jones, who kept a

Sports centre plan for Alexandra Palace

By Jacob Eccleston

Six months after fire destroyed much of the Alexandra Palace, plans are being drawn up for a sports and recreational centre on the site.

A survey of public opinion in north London, commissioned by Haringey Borough Council, the owners, has shown strong support for the restoration provided running costs can be met from revenue. Most people wanted facilities for sports events, concerts, exhibitions and eating.

Mr Terence O'Sullivan, chairman of Haringey's Alexandra Palace and Parks Committee, said he was delighted by the results of the survey. 'We thought it was worth waiting three or four months to get the answer right; we have the chance now of building something really worthwhile, but we are determined that the new palace must pay for itself.'

Mr Robin Young, leader of the council, who promised after the fire last July that the palace would be rebuilt, said he was heartened to find that local people wanted to keep the distinctive south facade and to put more appealing things inside.

A team of architects and engineers formed by the council has been asked to draw up suggestions for the use of the palace which will be put to further public discussion.

Haringey bought Alexandra Palace, sometimes described as London's biggest white elephant, for £1.5 million in 1972. The Haringey council its restoration at a cost of about £300,000. A fund has been launched to raise the money.

The palace was built speculatively in 1873 as north London's answer to the Crystal Palace, and survived a mere 15 days before being burnt down. It was rebuilt within two years.

Cellmates tortured prisoner

A Home Office investigation was called for yesterday after four prisoners at Winchester tortured a cellmate for three days and nights.

The inquiry was urged by Mr John Smyth, QC, the recorder, who referred to the 'disturbing features' relating to cell supervision and allocation.

Winchester Crown Court heard how four prisoners' kangaroo court sentenced a prisoner aged 16 to be whipped and humiliated for being cheeky. He was stripped, bound and gagged and beaten for roller skating and playing pool in the cellmates were dealt with last August, but the fourth member, Peter Wright, aged 19, unemployed, of no fixed address was yesterday sentenced to borstal training. He had admitted common assault, causing actual bodily harm and gross indecency.

Housing is in crisis; MP says

By Our Parliamentary Staff

Britain faces its most serious crisis for generations with employment among construction workers approaching 300,000, Mr Gerald Kaufman, opposition spokesman on the environment, said last night.

In the past year fewer new houses were started than in any peacetime year for more than 50 years he told a meeting of his constituency party at Ardwick, Manchester.

The mortgage rate of 14 per cent meant an annual tax of £560m on the 5,250,000 families buying their homes. New construction for council house building had been stopped altogether and the council house programme was at its lowest peacetime level since the mid-1920s.

Council rent increases averaging £3.25 a week burdened tenants with an annual tax of £875m, Mr Kaufman said.

Squatters in GLC block of flats defy order to quit

By John Witherow

Squatting a block of flats in south London in protest at the sale of council properties yesterday defied a High Court order to move out and barricaded themselves inside the building.

Several dozen squatters told Mr Alistair Black, the Under-Sheriff of Greater London, who arrived to see the possession order, that they would not leave the building unless the Greater London Council agreed to let the flats and not sell them.

The GLC recently modernized Kinner House, next to the Oval cricket ground, and offered the 60 one- and two-bedroom flats for sale at between £18,000 and £22,000.

About 150 squatters have lived in the building since October, delaying the sale of several of the apartments, but their number has dwindled as eviction became inevitable.

Mr Black, who was abused by squatters, leaning out of top floor windows as a tool of capitalism, said a High Court order had to be enforced, and he would return to ensure that it was.

He was expected to come back with police reinforcements to break down a locked gate to the building's courtyard and to remove squatters from the top floor of the five-storey building, where they had barricaded themselves behind furniture and sandbags.

The building was festooned with banners proclaiming: 'Stop the sale of council houses' and 'We're homeless why should we go?'

Mr Stuart Holland, Labour MP for Lambeth, Vauxhall, said he supported the squatters' stand against the GLC and yesterday arrived at the building to add his moral backing.



Watchers at the window of a squatters' flat yesterday.

'This kind of protest is necessary to draw people's attention to what the GLC is doing', he said. 'They are catering only for those who can afford to buy rather than those who can afford to rent.'

Lambeth council is offering some accommodation to married couples and families leaving Kinner House. Others are moving to new squats. An official for the GLC said about 200 of the council's properties are at present occupied by squatters.

Concern over rights of suspects

By Frances Gibb

Academics, lawyers and others who gave evidence to the Royal Commission on Criminal Procedure are concerned that its report, to be published on Thursday, will not significantly strengthen suspects' rights during police interrogation in line with their proposals.

Those rights, governed by the so-called Judges' Rules, were said to be ineffective because not externally enforceable, by an inquiry set up in 1976 and headed by Sir Henry Fisher, after three youths 'confessed' to the murder of Maxwell Confaita though they had not committed it.

But yesterday Dr Michael McConville, a lecturer in law at Birmingham University, who gave evidence to the commission with Dr John Baldwin, a lecturer in judicial administration, said that on the basis of press accounts of the commission report there was little

connexion between proposals on the rules and the commission's recommendations.

'The Royal Commission appears to have ignored the research that it had itself quite rightly commissioned and in many cases funded', he said.

The commission is expected to suggest that the regulation of interrogation should be left to the police themselves, with no external sanction for the breaching of the rules.

In his research with Dr Baldwin, Dr McConville concluded that confessions in crown court trials were not of great importance to most prosecution cases. In 80 per cent of important cases, the prosecution could get by without a confession, he said.

Noone is suggesting that one takes confessions away altogether. But the point is that safeguards for the suspect should be written in at the first stage, because where there is a confession, it almost invariably means a conviction.

He said that the inescapable conclusion of the several research reports produced for the commission, from academics as well as from the Home Office research department and bodies such as the Cranfield Institute of Technology, was that suspects' rights were in need of greater protection.

The commission, he said, had proposed various measures such as the right of silence, the use of tape recordings, intervention before a magistrate and access to a solicitor. All these measures were already available, but none was enforceable.

Dr McConville's concern was supported yesterday by the National Council for Civil Liberties. Miss Harriet Harman, legal officer, said: 'We are very concerned that there should be mandatory exclusion of evidence where the rules have been breached.'

Party rivalry bodes ill for Lisbon's new administration

From Richard Wigg

Madrid, Jan 5

Portugal's new cabinet was presented to President Eanes by Dr Francisco Pinto Balsemão, the Prime Minister-designate, in Lisbon today. It will be formally sworn in later this week.

Putting the new team together has taken Dr Pinto Balsemão more than three weeks largely because of the rivalries which have developed between the Democratic Alliance coalition partners. Dr Pinto Balsemão took over leadership of the Social Democrats from Dr Francisco Sá Carneiro who was killed in an air crash near Lisbon last month.

Two major figures of the previous administration have declined to serve in Dr Pinto Balsemão's administration. They are: Senhor Aníbal Cavaco e Silva, the Finance and Planning Minister who won the respect of Western financial circles during the past year despite Portugal's persistent economic problems, and Senhor Eurico de Melo, Dr Sá Carneiro's Interior Minister and a candidate last month for the leadership.

Already there is talk that the new Government may have only a short life, despite Dr Pinto Balsemão's declaration last month when he started gathering his team that he intended to form a government which would serve out its full four-year term, and take Portugal into the EEC in the process.

Lisbon's declared aim is to negotiate a settlement of the year, but the unsettled situation within the coalition may cause delays.

The Social Democrats, the biggest partner, have still to thrash out their identity without Dr Sá Carneiro. The struggle between more rightist

and more leftist tendencies will probably occur at the party's national congress due this spring, and will also be a test for the new Prime Minister.

Professor André Gonçalves Pereira, an independent known outside Portugal solely as an international lawyer, will be the new Foreign Minister after Professor Diogo Freitas do Amaral stood by his promise not to enter any government after President Eanes won a second five-year term on December 7.

But his right-wing Centre Democrats fought successfully to increase their share of cabinet posts from four to six. These include all the important economic portfolios plus defence. The Social Democrats now have nine ministers, including the Prime Minister, compared with 11 under Dr Sá Carneiro.

The Centre Democrats prevented splitting the Finance and Planning portfolio between the two parties and the job goes to their nominee, Senhor João Morais Leitão. By way of compensation, the Social Democrats have made their former industry Minister, Senhor Alvaro Barreto, the new Minister responsible for European integration in charge of the EEC negotiations.

Senator Bastião Horta will be the chief Centre Democrat representative in the new administration and will work alongside the premier in the newly created post of Minister of State in the Prime Minister's office. He is one of the few political veterans in the team.

For the first time the tiny Monarchist Party in the three-party coalition has been brought into the Cabinet with a new portfolio covering the environment and the press, which includes an unprofitable nationalized sector.

Swedes call off oil slick search

Stockholm, Jan 5.—Swedish coastguards today abandoned the search for an oil slick which has caused the death of hundreds of thousands of birds.

British police have questioned the captain of a Greek tanker.

In the biggest wild life tragedy in Scandinavia, starving, helpless birds, their oil-caked feathers no longer able to keep out the cold and wet, have been washed up for days along the beaches of Norway, Denmark and Sweden.

A coastguard in Göteborg, southern Sweden, said today that over 11,000 oil-caked birds have had to be killed since Tuesday. He added that horrific scenes have taken place over the weekend with well-meaning people rowing among the birds killing many not even touched by the oil.

The official said that now only professional hunters would be allowed to put the birds out of their misery while specialists would attempt to save as many as possible. The birds included many extremely rare and protected species, with puffins, greaser and lesser guillemots, eider ducks and kittiwakes being washed ashore on the filthy beaches.

In Denmark, wildlife protection authorities said that almost 100,000 dead birds had been found over the weekend in the Kattegat strait, separating the country from Sweden.

In Norway, two hospital centres have been set up in the Oslo fjord with ornithologists and young volunteers working to clean the birds and feed them.—Agence France-Presse.

Swiss reject terrorist 'blackmail'

Geneva, Jan 5.—Switzerland said today that two Armenian militants will go on trial despite threats made by the secret Armenian Liberation Army terrorist organization.

'We will not give way to blackmail', a Justice Ministry spokesman said in Bern. Government officials conceded, however, that extra security precautions were being taken at Swiss embassies and other offices abroad.

Two militants, one of them a woman with United States nationality but of Armenian origin, were arrested in Geneva on October 3 when a bomb they were allegedly putting together exploded.

The woman, Suzy Mahseredjian, aged 27, escaped without injuries but her companion, Aladi Yenikombaslian, aged 25, lost one eye while the other was seriously damaged.

'The woman will go on trial shortly and the man will be tried at a later date when he is able to leave hospital', the Justice Ministry spokesman said. Possession of explosives is a crime in Switzerland.

The Armenian Secret Army, apparently based in Beirut, has already conducted attacks against Swiss airline and tourist offices in various West European countries and is now threatening to attack Swiss diplomats abroad unless the two accused are released. It has also demanded that the International Red Cross and Amnesty International visit the detainees.

Six killed in rail collision

Madrid, Jan 5.—Six people were killed and 22 injured when a passenger train collided head-on with a locomotive at 9:30 am today 27 miles north of here.

Five of the six victims were employees of the Spanish railway company, officials said. The passenger train was travelling from Burgos to Madrid

when it crashed into the locomotive.

Rescue workers managed to remove the dead and injured before a fire broke out in the wreckage.

The 22 injured people were taken to Madrid hospitals, some of them in critical condition.

Last year 51 people died in eight rail crashes in Spain.—Agence France-Presse.

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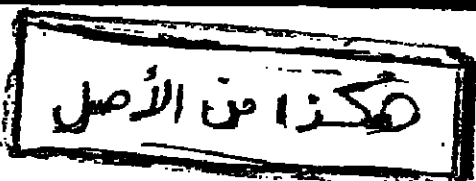
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WEST EUROPE AND OVERSEAS

Poll puts M Giscard behind his main rival for presidency

From Charles Margrova
Paris, Jan 5

For the first time in an opinion poll on the French presidential elections next spring, M François Mitterrand, the Socialist leader, is given as the winner in a straight fight against President Giscard d'Estaing, in the second ballot.

The poll, carried out by Indico-Opinion and published today in *Le Quotidien de Paris*, shows the Socialist leader polling 51 per cent.

The poll, carried out in the week before Christmas, proves, if nothing else, the striking deterioration of the President's image in public opinion since last autumn and the setback of the Giscardian UDF in the series of by-elections held last November.

In the preceding months he remained Olympian, above the fray of pre-electoral skirmishing and was expected to be easily the winner.

The by-elections marked a turning point, for which hitherto the Prime Minister was given all the blame, he began to damage the President's reputation. He has also come under concentrated fire from opposition political circles and the press, both domestic and foreign, for his alleged increasingly authoritarian manner of government.

Though excessive by any objective standards—France is still far from reverting to the *Ancien Régime*—this criticism has begun to stick. In a period when Frenchmen are worried by the prospects for the future, the head of state's detachment and equanimity have come to be regarded in many sections of society not as a form of strength but as evidence of unawareness of people's everyday problems.

It is significant that the poll shows a clear majority of people in favour of a president who is closer to the people and their preoccupations, rather than of a man of authority or who represents France well abroad. This first quality is certainly not uppermost in M Giscard d'Estaing's personality. Hitherto, he has always scored well as regards representing France, though less so with respect to his authority.

As *Le Quotidien de Paris*

puts it, "Giscard will have to invent a new Giscard, if he is to win the next elections. It says that it what he intends to do. This new Giscard will have to be a man with a more convincingly liberal image than the one which has been gradually eroded over the seven years of his first term of office.

But even if discontent is on the increase, and Frenchmen are inclined to vent it against the man in the Elysee, it is a far cry between an opinion poll and an election, especially as the President is not even yet officially a candidate, and will not be until the very last moment, while M Mitterrand is.

He has not yet turned all the big guns of his devastating intelligence and telegraphic personality on his opponents, not to mention using all the assets, psychological and material, of which the incumbent head of state under the Fifth Republic disposes.

This explains the cautious reaction of the Socialists. M Laurent Fabius, the party spokesman, emphasized that the poll was only a poll. "But", he added, "Frenchmen are increasingly conscious of the catastrophic results of the seven-year term, and of the necessity for change."

As for the other candidates, the poll shows M Michel Debré, the guardian of Gaullist orthodoxy, making as good a score as M Jacques Chirac, the Gaullist chairman and mayor of Paris, in the first ballot if he were the sole Gaullist candidate. But this is impossible as M Chirac, who will not declare himself before February, is almost 100 per cent certain to stand.

The entertainment provided by the clown who has converted to politics, M Michel Colucci, or Coluchi, is beginning to waver as serious issues loom on the horizon.

Important also for the elections next spring is the confirmation, produced by the polls, that the so-called "republican voting discipline" will operate on the left in favour of M Mitterrand. Half the supporters of M Marchais, the Communist leader, in the first ballot would switch to the Socialist leader in the second, in spite of the limitations of the Communist leadership against him for the past two years.

EEC budget impasse left for new officials

From Our Own Correspondent
Brussels, Jan 5

The outgoing European Commission, headed by Mr Roy Jenkins, decided at its final meeting here today to leave to its successor the task of settling the latest dispute between member-states and the European Parliament over the Community budget.

Mr Jenkins said that the Commission had accepted that Parliament had approved the budget and therefore the budget existed even if its legality was contested.

The dispute presented "a mixture of political and legal issues", Mr Jenkins said. It might have to be taken to the European Court of Justice, but equally it might be better to seek a political solution.

The new Commission, under Mr Gaston Thorn, who has been Luxembourg Foreign Minister, takes office tomorrow. Mr Christopher Tugendhat, the present Commissioner for the Budget, is expected to retain the same portfolio.

The dispute has arisen mainly because the European Parliament took advantage of a supplementary budget for 1980, which had been asked for by member-states. The Council of Ministers then found itself unable to stop the increase.

The legal position appears to be that while Parliament has upset normal budgetary procedure, it is not sufficient to invalidate the adoption of the budget.



Mr. Roy Jenkins, the retiring President of the European Commission, waiting to hold his final meeting.

Mr Jenkins admits failure to alter Commission image

From Michael Hornsby
Brussels, Jan 5

In a farewell press conference at the end of four years as President of the European Commission, Mr Roy Jenkins conceded here today that he had been unable to change the popular image of the Commission as a remote bureaucracy with little relevance to the everyday concerns of EEC citizens.

One of the lessons he had learnt, Mr Jenkins said, was that "You have to proceed by persuading governments. It

would be nice to think you could operate by generating a tide of public opinion which would sweep governments aside. But that is an illusion."

This was seen as a response to the criticism that Mr Jenkins relied too much during his term on personal contacts with leading politicians and did not make sufficient use of his position to play a more populist and evangelical role.

Asked whether he thought four years in Brussels an asset for someone hoping to play a leading part in British politics, Mr Jenkins replied with a smile

that it was probably not an advantage, but he was "not sure that it is a fatal disadvantage either".

On his return to Britain, Mr Jenkins is expected to seek support for a new radical centre party, probably to be based mainly on a right-wing exodus from the Labour Party. But he has revealed little of his plans.

Mr Jenkins said there had been "times of achievement and times of disappointment and setback", during his presidency. But he had no regrets.

"I am glad that I came and glad that I did the job. I would

not have wished to spend the past four years otherwise."

He said he was parting with particular sadness from his fellow commissioners despite "some differences of view, even occasions of tension."

"I can say with absolute honesty that I have enjoyed working with each one of them, and I regard the general level of informed discussion and of friendship as being higher than that in any British Cabinet in which I have served."

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Leading article, page 13

Hopes for a ceasefire in Namibia rest on UN talks

By David Spanier
Diplomatic Correspondent

Hopes of an early ceasefire in Namibia, leading to elections and independence by the end of 1981, depend on the outcome of a United Nations-sponsored conference opening in Geneva tomorrow, known as the Pre-Implementation Conference.

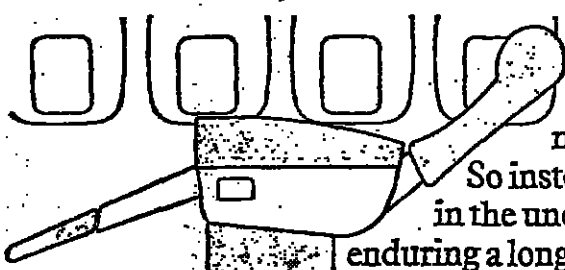
It will be attended by South Africa and the internal parties in Namibia on one side and the guerrilla organization, the South West Africa People's Organisation (Swapo) on the other.

Dr Waldheim, the United Nations Secretary-General, will preside at the opening session before handing over to Mr Brian Urquhart, who has had special responsibility for Namibia.

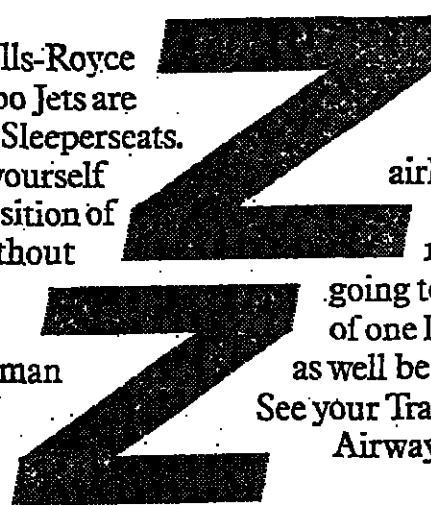
The purpose of the conference, which is due to last one week, is to seek agreement on the introduction of the United Nations plan for Namibia independence.

In practice, the significance of the conference is seen by most observers as more psychological than political, representing a last "make or break" attempt to convince the South African Government and the Democratic Turnhalle Alliance (DTA), the present administration in Windhoek, that elections will be fair.

Britain, together with other members of the five Western countries who promoted the settlement plan, will be represented at the conference by observers.



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Judges clash on girls' education

From Michael Leapman
New York, Jan 5

Three white girls aged 12 and 13 were escorted by state police to an all-white school in Louisiana today, as the latest move in an extraordinary feud between state and federal courts about where they should be educated.

They were enrolled into the school in the rural village of Buckeye, despite an order by a federal judge that they must go to school in Alexandria, 15 miles away.

A federal judge, Mr Nauman Scott, assigned the girls to the predominantly black school in Alexandria as part of the federal government's policy of school desegregation. He has threatened to fine their parents and school officials \$500 (about £200) a day if they continue to attend the Buckeye school.

However, a state judge, Mr Richard Lee, took legal custody of the three girls and sent the state police to ensure that they were admitted to the Buckeye school. Earlier, their parents had ceded custody to friends living in the main campus area of Buckeye school, but Mr Scott ruled that they still had to go to Alexandria.

In brief

Four killed in avalanches

Sion, Switzerland, Jan 5.—Avalanches killed at least one skier and cut off the ski resort of Arolla, trapping hundreds of holidaymakers today. A local air rescue service began an airlift to bring down 80 people who had to get back to their homes.

In Austria, three West Germans were killed and two others injured when an avalanche swept over a ski track between the villages of Zuers and Lech yesterday, police said. UPI and AP.

Suez man sick

Cairo, Jan 5.—Field Marshal Muhammad Abdul Ghani Gamassay, former Egyptian Defence Minister, a man credited with plotting the surprise 1973 Suez Canal crossing to liberate part of Israeli-held Sinai, was flown to Paris for treatment for a cerebral haemorrhage. He is 60.

General dies

Tokyo, Jan 5.—Lieutenant-General Matsui Tomiemon, of the Japanese Defence Agency's joint staff office, who was seriously injured when beaten by his son with a baseball bat last Tuesday, died today. He was 59.

Greek opposition parties boycott entry celebration

From Mario Modiano
Athens, Jan 5

The Greek Government today celebrated Greece's entry to the European Community, just as the country developed teething problems over the adjustment of domestic food prices to those of the Community.

The occasion was marked by a simple ceremony in the old parliament building, attended by President Karamanlis, the architect of Greece's entry, the state authorities, and the ambassadors of Greece's nine partners in the EEC.

The gathering, which was boycotted by the main anti-EEC opposition parties, was addressed by Mr George Rallis, the Prime Minister, who spoke of the advantages offered by membership, both political and economic.

Turning to the President of the Republic, Mr Rallis said: "Today, you should feel proud that your vision of 20 years ago has at last become reality."

The Prime Minister said the main beneficiaries would be Greek farmers who, after countering the transition period, could count on the equivalent of £320m a year.

Mr Rallis sought to reassure "anyone who may feel anxious about the outcome, that the adoption of our economy to 'community conditions' will be smooth and trouble-free."

His reassurances did not seem to tally with the uneasiness noted in the Athens market where wholesalers are prosecuted for defying government price controls and the price of veal per cent wholesalers claimed they

were in line with EEC practices, but officials said, although price increases will be inevitable, they could not be arbitrary.

The incident which led to some hoarding of meat stocks reflected both the confusion prevailing here over the practical consequences of entry, but also the Government's sensitivity to anything that might tarnish the good name of Community membership at this early stage.

Absent from today's celebrations were the leaders of the main opposition parties, Mr Andreas Papandreu, leader of the Panhellenic Socialist Movement, and Mr Harilaos Florakis, secretary-general of the Communist Party of Greece, who oppose EEC membership.

Other party leaders declined the invitation to attend asserting that today's ceremony has "an intensive partisan character". Two opposition leaders did attend. One of them is Mr John Tsouzoglou, leader of the small Party of Democratic Socialism, who in the 1960's negotiated successfully Greek association with the Community.

Another absentee today was Mr George Kontogeorgis who just submitted his resignation as Minister in Charge of EEC Affairs in order to take up tomorrow his post as Greek Commissioner in Brussels.

In his letter of resignation Mr Kontogeorgis thanked the Prime Minister for selecting him for the Brussels assignment, and pledged "to perform to the full my duty to the country, as I have always done, from all the posts entrusted to me."

British Airways is offering a position that's every businessman's dream.

OVERSEAS

Iranians launch their counter-offensive against Iraqi forces

Tehran, Jan 5.—President Abolhasan Bani-Sadr disclosed today that Iran had begun its long-heralded counter-offensive in the Gulf war with Iraq, Iranian television reported.

The President, who has come under increasing pressure for his handling of the war as commander-in-chief of the armed forces, made his announcement in a letter to Ayatollah Khomeini, the report said. The letter added: "It is certain that... the next stage will be carried out with complete victory."

The Gulf war, which started on September 22, has been bogged down in past weeks, with Iraqi forces digging in for a long occupation of the strips of border territory they occupied in the early days of the conflict.

Senior Iranian clerigymen have been complaining recently that Iran should go on the attack, noting that long-range Iraqi artillery was still inflicting considerable civilian casualties.

Mr Bani-Sadr announced over a month ago that a second phase of the war, in which Iranian forces would take the initiative, would begin soon, but little has happened since then.

Mr Bani-Sadr's letter to Ayatollah Khomeini said: "At 10 o'clock today, in my presence at the front... the victorious forces of the Islamic Republic launched their attack and ended the first stage with unique success."

The President also sent a message today to General Yahyiah Falaheh, deputy head of the Iranian Joint Staff, expressing "complete satisfaction" with efforts to rebuild and reorganize the armed forces.

Bani-Sadr policies under attack at Tehran rally

Tehran, Jan 5.—Mr Muhammad Ali Rajai, the Prime Minister, shouting himself hoarse at times, denounced the Iranian Government's focus at home and abroad during a religious rally here today.

He condemned both Western and Eastern imperialism and, in an indirect but unmistakable attack on President Bani-Sadr, bit out at liberal opponents of the clergy-dominated Government.

After the speech, the rally passed resolutions demanding withdrawal of Soviet troops from Afghanistan, condemning Israeli attacks on Lebanon, and denouncing the Middle East

Tehran radio broke into its programmes late tonight to report that the "Iranian forces have achieved glorious victories in the attack which began today". It said 200 Iraqi soldiers were killed and 45 wounded, believed to be the highest toll claimed so far by the Iranians in one day's fighting.

At least 500 Iraqi soldiers were known to have been captured during the day, but prisoners were still being counted and more were expected.

Iranian forces destroyed 45 tanks, 35 other vehicles, three helicopters and 15 missiles, and captured 10 armoured personnel carriers, 60 other vehicles and a great deal of equipment.

The radio and television also broke into their programmes to broadcast a reply from Ayatollah Khomeini to President Bani-Sadr. He said he hoped to hear news of Iran's final victory soon.

"I heard the news of the glorious victory of the forces of Islam", he said. "Give my thanks and greetings to all the commanders and soldiers and Revolutionary Guards. I expect the country will soon be purged of the atheists, with coordination and solidarity among all our fighters."

"I pray for their safety and victory. I hope to receive the news of your final victory soon."

Iran has spurned all peace missions during the war, insisting that it will fight on until the Iraqis have been driven from Iranian soil. Iraq has offered several ceasefires, but it is also insisting on keeping sovereignty over the Shatt al-Arab waterway which divides the two countries.—Reuter.

Toll of drunkenness includes early deaths, divorce, juvenile crime and absenteeism

Alcohol is deadliest internal threat to Soviet Union

From Michael Blayon Moscow, Jan 5

As the Soviet Union recovers from its hangover and returns to work after the three-day new year holiday, doctors, economists and social workers are now counting the appalling cost of all the drinking.

Drunkenness is by far the greatest challenge now facing Soviet society. It affects every aspect of life, breaks up families, encourages crime and negates all efforts to increase industrial production. It is spreading rapidly, especially among young people, and chronic alcoholism is now said to threaten virtually the entire postwar generation.

In spite of an unrelenting campaign against alcohol, stricter laws on the sale of drink, daily temperance propaganda in the press, at school and on the factory floor, the Russians appear powerless against the vodka and cheap wine now washing over the country. Alcohol is killing the population: the mortality statistics are no longer published because so many men are now dying early of excessive drink.

In 1925 surveys showed that 11 per cent of Soviet workers were drunkards. Figures recently given by the state anti-alcohol committee show that today some 37 per cent of male workers abuse alcohol. And the average drinking age has fallen

sharply. The percentage of people who begin drinking under the age of 18 has risen from 16 per cent in 1925 to around 95 per cent today.

One paper recently gave consumption figures for a city in the south of the Soviet Union, which it did not name but identified as a place where top-priority construction had drawn many of the country's best workers—the kind of people who could least be lost to alcoholism.

The pattern was alarming. Each adult drank on average 50 litres a year, more than twice the rate in France which is the country said to suffer most from drunkenness.

Excluding children and the negligible number of old people, it turned out that each working adult drank the equivalent of a bottle of spirits a day. "What is more, this is not an isolated case," the paper commented. "Consumption is rising at a number of other priority construction projects."

The cost of alcoholism to the Soviet Union is colossal. Economists have calculated that about one per cent of all male workers in industry or on construction sites are absent from work every day because they are drunk. The problem is worse after weekends and holidays: on Mondays productivity is 12 to 15 per cent lower than on other working days.

Among the serious consequences are the large number of industrial accidents and injuries. In an article last year an economist and a sociologist wrote: "In the Russian Federal Republic, more than half all fatal accidents in just one year involved people in states of intoxication. Drunkards cause a quarter of all industrial accidents. The number of accidents and injuries on days off and holidays and the days following them increases, and on pay-days doubles."

The exact mortality rate due to drink has not been published, but the deleterious effect on people's health has been widely discussed. Disease caused by alcohol abuse is now third only to cardiovascular diseases and cancer in the Soviet Union.

"Perhaps the most terrible effect though is the high percentage of mentally-retarded children born to alcoholics," a member of the Soviet Academy of Medicine commented.

As alcoholism among women increases, more and more children suffer. Researchers maintain that alcohol seriously damages the foetus and the subsequent development of the child's personality. The children of alcoholic parents suffer from neglect at home, undernourishment and psychological disturbance as a result of drunken brawls between their parents, and very many such children

later become criminals. Indeed, the effects of widespread drinking on Soviet family life are equally catastrophic, and the authorities state that divorces are directly attributable to drink as well as a high proportion of domestic violence and household accidents.

The increase in drinking by young people is especially worrying to the authorities, as it is closely linked with the rising crime rate in the Soviet Union. The papers detail case after case of grisly crimes originating in teenage drinking.

Last year two youths, after drinking, broke into Moscow's zoo and stabbed and beat to death two rare kangaroos.

New housing estates in provincial towns have been terrorized by drunken vandals who smash up cafes and cinemas, rob passers-by and attack old people and moved down pedestrians, knifed people after quarrels, badly injured policemen and even on the rampage with an axe.

Komsomolskaya Pravda, a paper for Soviet youth, pointed out in March that 95 per cent of people convicted of hooliganism are intoxicated, as are 68 per cent convicted of aggravated murder, 67 per cent of the convicted rapists and 57 per cent of those convicted of inflicting bodily injury.

Special studies have been

made of the situation in Georgia, where wine is plentiful and cheap and there is a long tradition of heavy drinking.

A survey by Tbilisi state university found last year that the number of alcoholics in the southern republic had risen by 150 per cent over the past 15 years, and while the population now five million, has increased by just over one-fifth since 1940: the sale of alcoholic beverages has gone up four or five times during this same period.

The survey found two-thirds of the alcoholics lived in the cities, and the majority were from broken families. Most had been treated for alcoholism but returned to drinking.

The cost to the local economy was enormous. Georgia spends 10 rubles (1637,000) a year on treating alcoholism, and estimates annual production losses in industry at 74m rubles (£47m). About 10 per cent of all car accidents are due to drink, and last year another survey found the state traffic police took away driving licences from 12,000 people for drunken driving.

In spite of this, from 1972 till 1977 the number of specialized drink shops increased from 50 to 57, whereas 220 extra grocery stores began selling drink in the same period.

Next: Why do Russians drink?

Mrs Gandhi in talks with Afghan minister

From Trevor Fishlock Delhi, Jan 5

Dr Anshina Khatzad, the close colleague of President Babrak Karmal of Afghanistan, had a 40-minute talk with Mrs Indira Gandhi, the Indian Prime Minister, here today.

She told Mrs Gandhi that in order to reach a political solution "to the problems affecting the area", the Kabul Government was willing to discuss all outstanding issues with Pakistan and Iran in the presence of a United Nations representative.

Dr Khatzad was simply repeating the often-stated Soviet and Afghan formula for a solution to the Afghan question: recognition of the Kabul regime by both Pakistan and Iran. Both countries have rejected the idea, saying the Soviet Union should withdraw its army of occupation before talks can start.

Dr Khatzad, who is 50, is Afghanistan's Minister of Education. In November she was given coordinating responsibilities over three other ministries, a promotion which makes her one of the most powerful figures in President Karmal's cabinet. She is a leading member of the Parcham faction of the People's Party and is the only woman in the Afghan hierarchy.

She has always been loyal to Mr Karmal and in recent times has grown increasingly close to him. She is one of his most trusted colleagues.

Dr Khatzad, who has been at a conference in southern India, told Mrs Gandhi that internal conditions in Afghanistan were improving and becoming more normal.

She gave only one interview during her stay in Delhi to the pro-Soviet newspaper, *Patriot*, and said that if the United Nations could guarantee that there would be no aggression against Afghanistan "we would ask limited contingents of Soviet troops to leave the country."

She said Russians were not pursuing Kabul with any more, but were "exclusively entrusted with the task of defending the sovereignty and independence of Afghanistan from external aggression, and this aggression is going on every day from the 50 rebel training camps on the Pakistani side of the border."

"The Russians, she said, were also providing blankets and winter clothing for Afghan people, and substantial quantities of wheat, cotton, and fertilizers. Caravans of trucks are reaching us from the Soviet Union," she added.

Repeating what President Karmal said last week, Dr Khatzad said: "We have broken the backbone of reactionary forces inside the country. Internal security, she claimed, was totally under the Afghan army's jurisdiction. She said that some time after March there would be elections for the Loya Jirga, or Great Council, of Afghanistan.

Meetings of the Loya Jirga in the past have been fairly rare and rather historic events, sometimes called for the purpose of making war against invaders. Attempts in the past 30 years to make the Loya Jirga a kind of parliamentary institution have failed.

Carrington, the Foreign Secretary, said today that he thought the Afghan insurgents were getting weapons but not enough of them.

In an interview recorded for *Panorama*, Lord Carrington was asked whether he thought Britain and other Western countries should give the insurgents sophisticated weapons. He said: "I think the rebels are getting arms... I don't really think it helps to say where they are getting them from or who is giving them the arms."

"I don't think anybody, apart from the Egyptians, have said they will overtly help. I think you have got to be very careful that you don't spread the conflict wider and increase the tension between the super-powers."

Lord Carrington said that he did not believe the insurgents were getting enough weapons and had no chance of defeating the Soviet army. "I think that they have a chance of making things so unpleasant for the Soviet Union that it is more likely that there will be a negotiated settlement than anyone can live with."

He thought that the invasion of Afghanistan would now be seen by the Kremlin as "a great error" and "a great misjudgement."

India's first lady, page 12

Crisis in Poland over Saturday working

From Dossa Trevisan Warsaw, Jan 5

With the national committee of Solidarity, the independent trade union organization, due to meet in two days' time, the issue of free Saturdays is threatening to produce a new confrontation between the Government and the unions.

Mr Lech Walesa, leader of Solidarity, had an urgent meeting with Mr Mieczyslaw Jazdzewski, the Deputy Prime Minister, this evening. The meeting, which lasted almost two hours and was resumed after Mr Walesa had seen Cardinal Wyszyński, was called on the Government's initiative in an attempt to defuse tension.

The Government announced last week that only three out of the five Saturdays in January will be free. This was done while negotiations on a five-day week were going on and without prior notice to the unions. The unions see the decision as an arbitrary attempt to impose the Government's wishes on the unions, as well as a complete disregard for commitments made during the labour unrest in the summer.

There have already been strike threats by the car makers, who have a signed agreement for a five-day week. The forthcoming meeting of the national committee was expected to take a tough stand on this issue.

Mr Walesa and Mr Jazdzewski are believed to have discussed the Saturday-off question, as well as a number of others, including the unions' demand for release of political prisoners.

Mr Walesa was called to Warsaw this afternoon at short notice; the Government is obviously anxious to avert a new confrontation. The Warsaw branch of Solidarity has announced it will proclaim all Saturdays free in January if the Government refuses to negotiate.

The national committee of Solidarity is to meet on Wednesday and the question of free Saturdays is high on the agenda, as the union regards this as a matter of principle.

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Presidents meet: President Daniel Moi (right) of Kenya and President Obote of Uganda met for several hours yesterday at a tented camp, picturesquely sited beside the Webuye falls on the Nzoia river in western Kenya (Charles Harrison writes from Nairobi).

It was the first meeting between the presidents and took place in a cordial atmosphere, which has raised hopes for a closer relationship between the two states following the recent Ugandan elections, which brought victory to President Obote's Uganda People's Congress.

President Moi travelled to the border post

at Malaba, 40 miles from Webuye, to welcome Dr Obote whose party included Mr Paa Mwanga, Vice-President and Defence Minister, who was chairman of the Military Commission which ruled Uganda before the December elections.

The Kenya news agency said it was the first time that a Kenyan president had welcomed a visiting head of state at the frontier. An official statement said merely that the presidents had discussed a number of issues concerning their countries. But communications and payments problems for landlocked Uganda are thought to have figured prominently.

President Moi travelled to the border post

Mr Nkomo hits out at press move

From Stephen Taylor Salisbury, Jan 5

Mr Joshua Nkomo, Zimbabwe's Minister of Home Affairs and leader of the Patriotic Front party, today denounced the Government's move against South African control of the country's press.

In an interview with the *Herald*, one of the newspapers affected, Mr Nkomo said that the takeover by a government-appointed trust would effectively muzzle the country's five main newspapers. He implied that they would become mouthpieces for Mr Robert Mugabe's Zanu (PF) party.

He told the *Herald*: "This is probably my last free statement through our news media here where the radio and television are already under the heel of Zanu (PF)."

Mr Nkomo has had little exposure on the state-controlled networks since independence in spite of his Cabinet position and his leadership of the second party in the coalition government.

He said: "This step is worse than what the Rhodesians found did during its abominable time in office."

As for what has been seen as the inevitable takeover of the South African controlling interest in the newspapers, Mr Nkomo said: "If the Government did not like South African presence in the news media it should have asked the Zimbabwean public to buy the South African-held shares."

Mr Nkomo's statement will do little to improve the already tenuous relationship between his party and Zanu (PF).

Statement condemned: An Information Ministry spokesman tonight denounced Mr Nkomo's condemnation of the takeover as "nonsensical and hysterical".

He said: "His statement exposed a complete disregard of the concept of collective responsibility." —Reuter.

Leading article, page 13

TUC to complain about banning of journalist

By Our Labour Editor

The TUC is to lodge an official complaint with the South African Ambassador in London over the banning of Mr Kenneth Ashton, general secretary of the National Union of Journalists, who was sent out to help black journalists win trade union recognition.

Mr Ashton was detained for five hours by immigration officials in Johannesburg on Saturday before being refused entry to South Africa. It was stated that he had not received special permission to enter the country.

Reagan talks with Mexico leader affirm friendship

From Stephen Dwyer Ciudad Juarez, Mexico, Jan 5

President-elect Ronald Reagan stepped briskly from a dark limousine at the International Bridge—Hiberto—between the United States and Mexico today, and shook the hand of Senator José López Portillo, the Mexican President.

It was Mr Reagan's first meeting with a foreign head of state since winning last November's presidential elections, and it set the tone for what was largely a ceremonial visit lasting approximately two and a half hours.

Mr Reagan and Señor López Portillo presented members of their accompanying teams to each other under cloudy skies, posed smilingly for the dozens of photographers and television cameramen packed up to a temporary standstill, then boarded a Mexican bus for a

15-minute ride to the centre of Ciudad Juarez.

There, in the town's modern art and history museum, they sat down to talk. A joint press statement after the meeting said that "the conversations were held in an atmosphere of friendship and mutual respect and laid the foundation for a personal relationship between the President of Mexico and the next President of the United States."

The statement added that the two men "reaffirmed their desire to further develop the friendly and cooperative relationship that has traditionally existed between both nations."

The statement added that both men "committed their personal efforts to develop the Mexican-United States relationship in such a manner as to be an example to the international community."

Finally, they agreed to maintain close contact and to meet again in the near future.

Nigeria expels Libyans

From Karan Thapar Lagos, Jan 5

The Nigerian Government today expelled Libyan diplomats in Lagos after the Libyan Embassy had transformed itself into a "People's Bureau".

The Nigerian External Affairs Ministry said in a statement that the Libyan action had been "completely without prior consultation or communication."

It added: "The new arrangement, being unilaterally introduced by Libya, is totally unacceptable to Nigeria. The so-called People's Bureau has consequently been given 48

hours to wind up their affairs and leave the country." Other embassies: A score of Libyans occupied the Libyan Embassy in Tokyo today to convert it into a "Libyan People's Bureau". There apparently was no opposition by the embassy staff (Agence France-Press reports).

In Kuala Lumpur, representatives of the Libyan People's Committee took over the Libyan embassy today, announcing it was now a "People's Bureau". They said there would be no ambassador and the mission would have a staff of five.

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6th JANUARY 1981

ANNIVERSARY OF THE IRAQI ARMY

—THE SHIELD OF THE NATION

On this day in 1921, the Iraqi Army was formed. Throughout the past sixty years of its history, it has shown a high degree of capability in developing its manpower and absorbing the art of modern warfare and technology to discharge its tasks of national and pan-Arab struggle in union with the great people of Iraq.

This union found its clear expressions in the prominent contributions to the liberalisation revolutions extending from the May Revolution of 1941 to the July Revolution of 1968 which was led by the Ba'ith Arab Socialist Party and which, in addition to its concern for the industrialisation and agriculture of the country and the improvement of the living standard of the people, has given considerable attention to the Iraqi Army and kept it in contact with the scientific and technical developments of our modern times.

The high standard of training, armament and equipment achieved by Iraq's Armed Forces under the aegis of the Ba'ith Arab Socialist Party and the socialist and pan-Arab July Revolution which is based on the principles of this Party, has enabled them to carry out their combat duties with great effectiveness and deal a painful blow to the Iranian enemy who has ignored the international conventions, the Islamic values and all Iraqi notes sent before the war demanding our historical rights, the restoration of our sovereignty over all our lands and waters, the end of interference in our internal affairs and the cessation of all acts of aggression on Iraqi establishments and bombing of the civilian population along our frontier.

Thus the ruler of Iran has pursued the same expansionist policies of the Shah, determined to ignore the implementation of the 1975 Algiers Agreement. All these aggressive acts carried out by the Iranian leadership which is still thinking with the mentality and ways of the Middle Ages, compelled the Iraqi Army to move in accordance with the directives of the political leadership and occupy



President Saddam Hussein answering questions from foreign journalists.

certain targets inside Iran and turn them into expedient defensive positions to confront the hostile troops of the enemy, put an end to their encroachment and neutralise their fire power directed against Iraq's civilian areas.

This defensive war was forced on Iraq to protect her territories and citizens from the irresponsibility and ignorance of the Iranian leadership. Our valiant army will remain in these areas until such a time as the Iranian government may admit the legitimate rights of the Arabs and Iraq and refrain from all interference in the internal affairs of our country which has shown to all the world that it has no expansionist ambitions on Iranian territory.

Glory and good wishes to our great Army and further successes for its forces under the leadership of the July Revolution and the brave Ba'ith Arab Socialist Party.

Military Attache Embassy of the Iraqi Republic London



Iraqi troops laying a bridge over the Karun River in the first operation of its kind in the Middle East.

Athletics

PALO ALTO: Five miles: 1. A. Salemar (118), 22min 49sec, world best; 2. D. Moorcroft (115), 22min 55sec; 3. N. Ross (113), 23min 15sec. Women's five miles: 1. C. Wright (105), 23min 21sec; 2. G. Wright (105), 23min 21sec. World best: 3.

1. *Journal of the American Medical Association*, 1977; 237: 1001-1002.

Trevor Fishlock on the extraordinary standing of

Mrs Gandhi after a year back in office

India's irresistible first lady

Hardly a day passes in India without pictures of Mrs Gandhi. Her face, appearing on newspaper front pages, is an extraordinary expressive countenance, quite the opposite of inscrutable, a gift to photographers, the most trusted and mercurial register of moods.

She does not have a best face, a politician's face with a grumpy smile, and she works without the aid of hair dye, FR or the corners of *bons mots*. She is incapable of being a spinster.

In the past year Indians saw the shadow and sunshine of emotion in her large, dark, lidded eyes, all the shades of joy, anger and grief in the most remarkable year of a remarkable life.

They saw her charming, amiable, laughing, radiant, triumphant, absorbed, glum, bored, riled, withering, scowling, depressed, anguished, mourning, lonely.

In a sense she is always off-guard. Through her photographs she reveals more of herself than any other leader. The daily pictures are a kind of diary entry for Indians, a record of their own changing fortunes.

The photographs are important because television here is unimportant, there being fewer than a million sets among 660 million people. Mrs Gandhi, leader of the world's second most populous country and its largest democracy, has to range widely and often to show herself to her people.

She, above all Indians, has a sense of India, a feel for the vastness, variety, paradoxes and difficulties of a sprawling subcontinent both primitive and advanced, dirt poor and fabulously rich, an industrial giant tied to agriculture and extreme climatic rhythms, a society of 15 major languages and 800 smaller ones.

Inside and out of her country she is the best known Indian. Even when she was out

of office for 33 months, many Indians still believed she was their leader.

The elections of January 8 last year swept her to her second premiership, the start of her twelfth year in the job, the twenty-ninth year in which she or her father have headed India's government in the 33 years of independence.

India had sacked Mrs Gandhi in 1977 because of her authoritarian suspension of the democratic process from June 1975. The excesses and corruption of the emergency were too much for many people to stomach. In many Indian eyes what she did to Indian democracy was unforgivable.

The Janata coalition started with good will and high hopes. But all was dissipated in dissonance, dithering and watery politics. Disillusioned, Indians sought a competent steersman. There seemed no alternative to Mrs Gandhi, her myrmidon, Sanjay, and the monolithic Indira Congress Party.

A government that works, Mrs Gandhi promised. The old Mrs Gandhi was evidently still there and she stood head and shoulders above the scrums of bickering second-raters. Experienced, a world figure, not identified with any particular caste or religion, serene, the large-scale backing of Muslims and untouchables, she came back on flood tide. Once again, Indians pinned their hopes on Madam, as she is known in government circles (*Madam* with the respectful suffix), and the photographers caught her excitement.

Excitement bubbled especially strongly among the strong core of youngish men Sanjay was building around himself. India, it seemed to them, was at last taking a new direction, and the old Congress walls had had their day. Exponents defected to the Gandhi flag, opportunism being a matter of no great

repute in Indian politics. The higher reaches of the bureaucracy were gutted and favourites installed. Loyalty, it seemed, counted above ability. Success in the states elections in May made Mrs Gandhi unassailable. Opposition was crumbling, irritating legal actions against mother and son were dropped.

The blow of Sanjay's death in June was profound. His baton was suddenly without her energetic and powerful lieutenant, widely viewed as India's next prime minister.

So much seemed to vanish with the smoke of Sanjay's pyre. Mrs Gandhi, devastated, withdrew; almost, it seemed to some, into catatony.

As she mourned, India's problems seemed to multiply against a backdrop of natural difficulties, like monsoon flooding, and administrative incompetence. Social torment in Assam grew, and seemed beyond repair. Tripura witnessed wholesale butchery. There was a long outcry over the rapine of country women, often the victims of brutal police.

Moradabad erupted in riot and savagery (later there were the blindings of prisoners by police in Bihar) and it appeared that public order was deteriorating. Mrs Gandhi and her ministers blamed much of the trouble, vaguely and disingenuously, on the over-specified "foreign hand".

Thus it seemed that India was experiencing once again the unrest and lack of performance that had persuaded Mrs Gandhi to put up the shutters on democracy in 1975. Her preventive detention measures of September sent shivers of the emergency through her critics' minds.

Newspapers and journals debated what they called the crisis of leadership. Collapse was foretold. Mrs Gandhi was



said to be walking the dictator's road, while gossip had her plagued by dreadful illnesses.

She scotched gossip in October by emerging from her grief, looking blooming and very much in charge, vigorously defending her Government's record.

But economic performance has not been good and it is fortunate for her Government that there have been excellent harvests. Her critics, who characterize her first year as one of inaction, have a point.

She still has a bureaucratic confidence has been eroded, a Cabinet in which only some outstanding exceptions possess more than meagre talent, incompetent leadership in some of the states governments, a police service desperately in need of reform, even if battered, the press is free. And it seems unlikely that another emergency is on the cards; the first one did not work, nor would a second, and, in any case, there is no ruthless Sanjay to mastermind it.

At the end of the first year of her second term, the greatest criticism levelled against Mrs Gandhi is that she does not take enough action to meet her most important task: to bring about a more just and equitable society. But Mrs Gandhi may feel that some storms are best ridden out. But there is a feeling of disappointment, and of some pessimism.

This year Rajiv Gandhi, her elder son, will gradually take a more important part in helping his mother and there are some who believe his will be a contribution towards the improvement of Indian politics. Considering the enormity of her task, Mrs Gandhi, now 63, needs a reliable shoulder.

Mrs Gandhi: even when she was out of office for 33 months, many Indians still believed she was their leader...

A nice place, Afghanistan

The announcement that three left-wing Labour MPs—Mr Ronald Brown, member for Edinburgh Leith, Mr Robert Litherland (Manchester, Central) and Mr Allan Roberts (Dorset)—are off to Afghanistan for a week as guests of the puppet government there has excited much comment.

While other journalists are content to criticize without the facts, however, Jack (Scoops) Levin, using that early training of his on the *Huntsman Courier* which has so often stood him in good stead when it is a matter of keeping ahead of the opposition, took swift action. By methods I am unable to disclose, I have obtained a copy of the Report the three MPs are to present to their colleagues on their return—a success which speaks for itself, for the document was in my hands before they had landed in Kabul, let alone before they had seen sufficient of the country to enable them to contemplate what they were going to say about it in entirety.

We must first make clear the auspices under which we travelled to Afghanistan. We were invited by the cruelly beset government of that beautiful but mysterious country, a government whose fierce devotion to their country's independence is so great that when that independence recently came under threat from imperialist agents of the West, bent on universal domination, they turned immediately to the friendly government of the peace-loving Soviet Union for help, which was readily forthcoming.

In the circumstances, it goes without saying that any fair-minded observer, Mr Brezhnev, say, that accepting the hospitality of such a government in no way compromises us, or makes our views in any way suspect. Nor is it, incidentally, surprising that the Afghan government should have singled us out for such an invitation, and suggestions that we were chosen because of our political sympathies rather than for our profound and extensive knowledge of the country are baseless; the truth is that no fewer than two of us had heard of Afghanistan before the present troubles began, and the third learnt of its existence immediately afterwards. Moreover, one of us used to own an Afghan hound, a second has seen the film *Carry On Up the Khyber*, and the third used to wear a very formidable moustache.

On arriving in Kabul, we were granted an interview with the Prime Minister, a most impressive gentleman whose name is on the tip of our tongue. Unfortunately, he speaks no English, and before we could let him know that our own knowledge of the Afghan tongue is limited to "Ouloulig-a-lla, tres bon" he had embarked on a most impassioned address. Despite our problem with the language, it was possible for us to gather the gist of his remarks without difficulty; he was assuring us that the Soviet troops were only in Afghanistan with the unanimous consent of the Afghan people, that, contrary to the picture painted by reports in the capitalist press, there was no resistance whatsoever either to the troops or to the government he led, and that he looked forward, as did all the people of the country, to an era of peace, prosperity and democratic socialism, in alliance with the peace-loving, prosperous democratic socialist Soviet Union.

This was a very useful exchange, we felt. We had long been quite sure that the capitalist press was indeed not the truth, but to have our suspicions so decisively confirmed by so obviously authoritative a source put the matter beyond argument.

After seeing the Prime Minister, we were given a tour of Kabul, a city so much impressed with the handsome and dignified buildings we saw, bearing names redolent of the long history of this fascinating country, including the Lenin Palace, the House of the Soviets, the Supreme Court, the Zhdanov Concert-Hall, the Gromyko Railway Station, the Honecker Library, the Fidel Castro University and the Georges Marais Polytechnic.

After this, we were taken on a tour of the countryside, and were able to see for ourselves how baseless are the stories we

read in the capitalist press about the oppression of the villagers. We did not see a single villager being oppressed; indeed, we saw many a single villager, and when we expressed surprise at this fact, our guide explained that, in a fit of enthusiasm for the forthcoming era of peace, prosperity, democratic socialism, the Afghan villagers had pulled down their houses, as an earnest of their resolve to wipe out all traces of the hated capitalist-imperialist past.

At one point, the car in which we were travelling, which was escorted by four Soviet armoured divisions, our guide explained that this was because many CIA agents, cunningly disguised as Afghans, were roaming the countryside after being parachuted into Afghanistan and that traditional Afghan hospitality demanded that the guests such as ourselves should receive ample protection at all times) took a wrong turning and we came abruptly upon a very strange scene. There was a large oblong trench in the procession of country people all dressed in black, as we approached, we noticed that the trench was empty. Peering into the trench, we saw to our astonishment that it was a large oblong trench in the procession of country people all dressed in black, as we approached, we noticed that the trench was empty. Peering into the trench, we saw to our astonishment that it was a large oblong trench in the procession of country people all dressed in black, as we approached, we noticed that the trench was empty.

At this point, it behoves us to make clear that we were allowed to spend only two or three minutes in the trench, as someone who wished to question, we simply pointed him out to our guide, who at once summoned several Soviet military invitees to go and fetch him. Through our Soviet-type interpreter, we heard that the trench was as perfect English, we were able to hold entirely confidential and unrestricted conversations, and many of the trench were most instructive. For instance, we asked one Afghan gentleman wearing a blood-stained bandage now on his forehead, he had received his injuries, and he replied (we reproduce the Afghan phonetic, "Sovi erbon x", which meant, our interpreter explained, "I was scratched by a car"). We asked another passer-by whether he did not think that he lived in a truly free and democratic country, to which he replied "Noace, ernneen ot iddi otz" meaning "Oh, no word yes, good gracious".

This seemed quite conclusive but mindful of the hostility of bias of the capitalist press, we asked a third Afghan gentleman whether he did not think that the three open-minded and independent British politicians we were in a very good position to correct the false picture given of our country of this. To this he replied with a rapid burst of Afghan which, by the strange properties of that language, sounded exactly like the English sentence "Do you not think that it is bad enough for us already, with our country invaded, our village bombed, a million of our people compelled to flee abroad, an institution destroyed, our land desecrated, our history falsified, without your coming here to lick the hand that is throttling us?"

Our interpreter—it was in as well as he was good a linguist, or we might have begun to think that it really was English that the man had been talking—explained that the words meant "Thank you for coming here to set the record straight, at last we are sure to have a fair hearing to our case, and we are most happy to think that there are three members of the British House of Commons who take the correct view of international affairs". We asked the interpreter to assure the gentlemen that there were more than three, and that the numbers were likely to grow greater in the future, and he did so. We then returned to the airport and came home.

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The new boys warm up in Brussels

Ivor Richard

A round and on occasion rumorous Welshman, Mr Ivor Richard, former Labour MP for Barons Court and British Ambassador to the United Nations, takes the job of Britain's junior commissioner.

Each of the four big countries is entitled to provide two commissioners, and Mr Richard will fill the gap left by Mr Roy Jenkins, the outgoing President of the Commission. His senior partner will be Mr Christopher Tugendhat, presently in charge of the EEC budget, who is to provide one of the Commission's five vice-presidencies.

In choosing Mr Richard, on the recommendation of Mr Callaghan, Mrs Thatcher confirmed the practice that Britain should be represented by one Tory and one Labour commissioner. At least two former Labour cabinet ministers, Mrs Shirley Williams and Mr Joel Barnett, turned down approaches from Mr Callaghan.

A 48-year-old, Oxford-educated Queen's Counsel, Mr Richard won Barons Court for the Labour Party in 1964 and held it until 1974 when the constituency was redistributed. Always a pro-labourer, he was one of the 69 Labour MPs who defied the party whip by voting for the Conservative Government in 1971.

It was Mr Callaghan, the Foreign Secretary, who in 1974 sent Mr Richard to the United Nations where he remained until 1979. Chosen by Mr Anthony Crosland, Mr Callaghan's successor at the Foreign Office, to chair the abortive Rhodesia conference in Geneva in 1976, Mr Richard then had two uncomfortable years under Dr David Owen, whom he cordially disliked.

Mr Richard got on well with Africans and other third world diplomats in New York and would have liked the commission's development work. But the French have a sit-

ting tenant in this job, in the shape of M Claude Cheysson, and since the British want Tugendhat to retain control of the budget they are unlikely to challenge the right of incumbents to stay put.

So Mr Richard will have to look elsewhere, possibly at social affairs. The Government wanted him to go for competition, but he thinks that would be death for a Labour politician.

Michael O'Kennedy, Ireland's perhaps the one commissioner in Brussels is widely looked upon as a stepping-stone to high domestic office rather than a comfortably appointed graveyard for burnt-out politicians.

Membership of the EEC is the major concern of Ireland's foreign policy, and the Irish European Commissioner in Brussels is in some ways a more important figure than the country's Foreign Minister.

Michael O'Kennedy, from Nenagh in Co Tipperary, who replaces Mr Richard Burke in the Brussels job, is certainly not without ambition. Still only 44 years old, he undoubtedly sees himself as a future candidate for the Irish premiership.

Insiders say that he had hopes of emerging as a compromise candidate to succeed Mr Jack Lynch during the Irish leadership battle a year ago between Mr Charles Haughey and Mr Charles Colley. In the event Mr O'Kennedy gave his vote to the victorious Mr Haughey.

Suggestions in the Irish press that this secured his ticket to Brussels were vigorously denied by Mr O'Kennedy. He insists that the European job was never discussed between himself and Mr Haughey before the latter became Prime Minister.

Elected to the Dail for the Fianna Fail in 1969, Mr O'Kennedy was briefly Minister of

Mr Gaston Thorn, who takes over from Mr Roy Jenkins as President of the European Commission, tonight, retreats with his 13 fellow European commissioners into Papal conclave tonight to decide who is to do what over the next four years.

The well-advised ambitions of national governments for their man will be one factor in the bargaining. Even more important is the fact that eight of Mr Thorn's future colleagues are incumbents keen to retain their existing portfolios.

No one wants to challenge the right of sitting tenants to stay put if they wish. The British would like Mr Christopher Tugendhat to keep control of the EEC budget, and the French want Mr Francois-Xavier Ortoli and M Claude Cheysson to retain economic affairs and aid to developing countries.

The two Italians, Signor Lorenzo Natali and Signor Antonio Giorli, are unlikely to yield enlargement or regional policy. The dogged Dane, Mr Finn Olav Gundelach, is expected to stay in charge of agriculture. Herr Wilhelm Maderkamm, the long-serving German, will fight to retain external relations, and Viscount Etienne Davignon, the Belgian, greedily wants to add energy to his existing industrial responsibility.

This leaves the new boys to fight over what remains—mainly social affairs, competition, transport and possibly fisheries (presently part of the agricultural job). Here is a guide to the previous careers and interests of the new faces in Brussels.

Transport in 1973 before his party went into four years of opposition. As Foreign Minister from 1977 to 1979 he also spent six months in the chair of the EEC's Council of Ministers. From the end of 1979 until his new appointment he was Minister of Finance.

Few other commissioners can boast this range of ministerial experience. Mr O'Kennedy is much tougher than his fresh-faced appearance, which has earned him the nickname of "altar boy", might suggest. He will certainly fight hard for a worthwhile portfolio, probably aiming for social affairs, energy or industry.

George Kontogeorgis, Greece became the tenth member of the EEC on January 1, and the first Greek commissioner appointed to Brussels is Mr George Kontogeorgis, a 68-year-old from the island of Tinos in the Aegean.

For the past three years Mr Kontogeorgis was the Greek minister responsible for relations with the EEC and as such was in overall charge of Greece's entry negotiations. Aside from his EEC connex-

to have his eye on transport, at present held by the outgoing President of the Commission, Mr Richard Burke. A cynical view is that Athens wants to ensure that any forays by the EEC into shipping policy should not cut across the *laissez-faire* interests of the world's biggest shipping nation.

Karl-Heinz Narjes, For a country of its importance and ostensible commitment to the EEC, West Germany has always had remarkable difficulty in finding public figures of note to fill its two places at the European Commission's table.

Against all the odds, Herr Wilhelm Maderkamp, the undisputed former minister of internal affairs, whose most notable achievement in 13 years in Brussels has been the size of his expense accounts, is staying on for an unheard of fourth term.

Herr Maderkamp will be joined by a little-known Christian Democrat Bundestag deputy, Herr Karl-Heinz Narjes, who becomes the junior German commissioner, replacing Herr Guido Brunner, the already departed commissioner for energy policy.

The search for a senior Christian Democrat willing to serve in Brussels began more than a year ago. Herr Rainer Barzel, the former CDU leader, and Herr Kurt Biedenkopf, leader of the CDU opposition in North Rhine-Westphalia, were among those approached in vain for the job.

By all accounts hard-working and knowledgeable about the scheme, the 56-year-old Herr Narjes, whose appointment was confirmed only two weeks before Christmas, will have to live down the impression that he was chosen only because no more attractive candidate could be found.

He is best known in Brussels for the four years he spent in the mid-60s as *chef de cabinet* of the formidable Herr Walter Hallstein, the first President of the European Commission. He

also served a year as Director General of the Commission's Press and Information Department.

A U-boat officer during the war, Herr Narjes was taken prisoner by the Canadians and British. A lawyer by training, he is a former Minister of Economy and Transport in the Schleswig-Holstein Government, and since 1972 has been a member of the Bundestag. In the last Parliament he was opposition spokesman on energy and trade policy.

Frans Andriessen, The new Dutch Commissioner is Mr Frans Andriessen, a senior member and former floor leader of the Catholic People's Party, one of the three parties forming the Christian Democratic Alliance, which ruled in coalition with the right-wing liberals.

He replaces a Dutch Socialist, Mr Henk Vredeling, the outgoing Commissioner for Social Affairs. Mr Vredeling came to Brussels with a reputation for dynamism, but returns home to face the apparently impossible task of getting the EEC to take collective action to combat the social ills of unemployment.

It remains to be seen whether his successor will find his time in Brussels any more rewarding. Born in Utrecht 51 years ago, and a lawyer by training, Mr Andriessen became Finance Minister in Mr Dries Van Agt's centre-right Government in December, 1977.

He resigned in February of last year after failing to get the rest of the Cabinet to approve the larger public spending cuts he considered necessary. He has been without ministerial office since then.

Mr Andriessen has made it known that he is interested in the competition portfolio, a controversial one of the Commission.

Michael Hornsby

LONDON DIARY

It takes guts to save your lungs

As one of Britain's eighteen million smokers and an incorrigible devotee of the pipe with no desire to be reformed, I decided that I could not accept yesterday's invitation to the official opening in London of an advice and information centre run by the National Society of Non-Smokers, a body dedicated to turning the entire United Kingdom into a smokeless zone. So I sent a dedicated non-smoking colleague.

The Society was founded in 1926, when one of its main aims was to press for more non-smoking compartments on trains. Now the thrust of its campaign has broadened into an evangelical crusade to save us all from the noxious weed.

Members at yesterday's opening were full of helpful advice, but none was more forthright than Tom Hurst, the Society's co-smoking chairman. "Just give it up," was his dictum.

"No gimmicks. Be motivated." However, for the unmotivated among us the centre lists among its "cessation methods" such sophisticated procedures as "smoking" dummy cigarettes, having acupuncture, aversion therapy or hypnosis.

Hurst claimed that 80 per cent of those who had kicked the habit had done so through sheer willpower or, as he described it, "showing a bit of guts".

Another painless but unproven way to kick the habit is to play *Smokeless Wild*, a board game first revealed to a waiting nation in this very space several weeks ago, the subject of which is to smoke the least and stay alive, and the winner being the player who completes the circuit of the board last.

Among non-smoking luminaries at the opening, Clement Freud, the Liberal MP who claims never to have smoked, Sir George Young, under-secretary at the Department of Health, who gave it up only to become addicted to bicycles, and David Ennals, the

former social services secretary, who is also a cured puffer.

The centre is said to be the first of its kind in the world. The Government is paying the first year's rent on the premises not, I trust, from tobacco duty—and the society is about to launch an appeal for funds to help pay staff. Addicts seeking salvation will find it at Latimer House, 40-48 Hanson Street, London W1, appropriately sited behind the Middlesex Hospital.

Rough cut

Still on the subject of putting a rub of salt under the thumb between the lips, I have to report that a Yorkshire company has been forced to abandon its incentive scheme to employees who do not smoke, because of the rapacity of the Inland Revenue.

For the past eight years Dale Electricity of Fife has given a New Year bonus to all its workers who managed to deliver a pledge not to smoke during the previous year. But now the taxman has decided

that the bonuses, which could be as much as £50 for a four-year non-smoker, are part of the employees' earnings, and he has taken his cut of them.

Leonard Dale, chairman of the company and originator of the scheme, said yesterday: "We have fought the tax authorities on this, but we have lost. It is crazy that we should be penalized for helping people to stay healthy and keep a burden off the health service. The scheme is being dropped but as a final gesture Dale is to pay all the back tax owed by his non-smoking workers."

Sound thrashing

Those who maintain that the BBC needs a Reichstag headmaster to whack and ultimately sack producers who misbehave have a champion in Paul Johnson, ex-*New Statesman* editor, who uses the august columns of the corporation's own publication *The Listener* to deliver a new year homily on the lack of discipline within the walls of both Broadcasting House and the Television Centre.

Johnson's aim is to enlist support for the new Broadcasting Complaints Commission, due to begin its deliberations in April; nonetheless it may turn out to be, he says, but "free-for-all TV is no longer acceptable to viewers, and MPs who represent them are determined that this Leviathan, which has invaded our homes must be civilized and tamed."

Internal discipline within the television authorities has been selectively destroyed, he claims; and when a programme or a producer is criticized by the public, they close ranks (the BBC being the worst offender) and conspire to defend the delinquent and justify his or her acts. Cupboards are locked, files sealed and a wall of silence erected.

Maybe, he says, some act of cruelty or dishonesty is privately rebuked. But he recalls no instance in the last decade when a producer has been sacked on the spot.

What both internal systems need is an element of salutary terror commensurate with the power of the medium to wound and destroy; thus, he says, can it be brought home to the young men and women who play the sorcerer's apprentice that misdeeds can be seen themselves as well as their victims.

Not our forte

I am sorry to say that British prestige abroad has taken another knock. Until now the best hotel in America, and arguably in the world, was the Pierre. But with the turn of the year Trust House Forte have lost the management contract on the transatlantic feathered shore, the Pierre, New York's pre-eminent hotel.

The Pierre, famous for its outstanding service, atmosphere of discreet elegance, and bed-rooms in carefully matched pastel shades, is actually owned by the lucky nobles who have apartments there. It is a sort of condominium with 206 particularly well-appointed guest rooms.

Regrettably the nobles have now ganged up to give Sir Charles Forte the sack, preferring in his stead the Four Seasons hotel group from

Canada, known in London as operators of the Inn on the Park. Forte had run the Pierre, most successfully, since 1974, but Four Seasons have been awarded a 21-year lease.

Yesterday TRF would make no statement, hugging their private grief. Four Seasons, naturally, were more braggartily forthcoming. TRF still own and run two of the best hotels in Paris, but in New York they are reduced to the Westbury, which despite their heavy investment programme, remains several rungs below the lost Pierre.

According to numerous shop window displays observed during the current sales, the garment I have always called a pullover is now known as a slipover, in spite of being just as difficult to slip over my head. By the same euphemistic process, will its chunkier version now become a perspic—or, for the female form, a glower?

Alan Hamilton

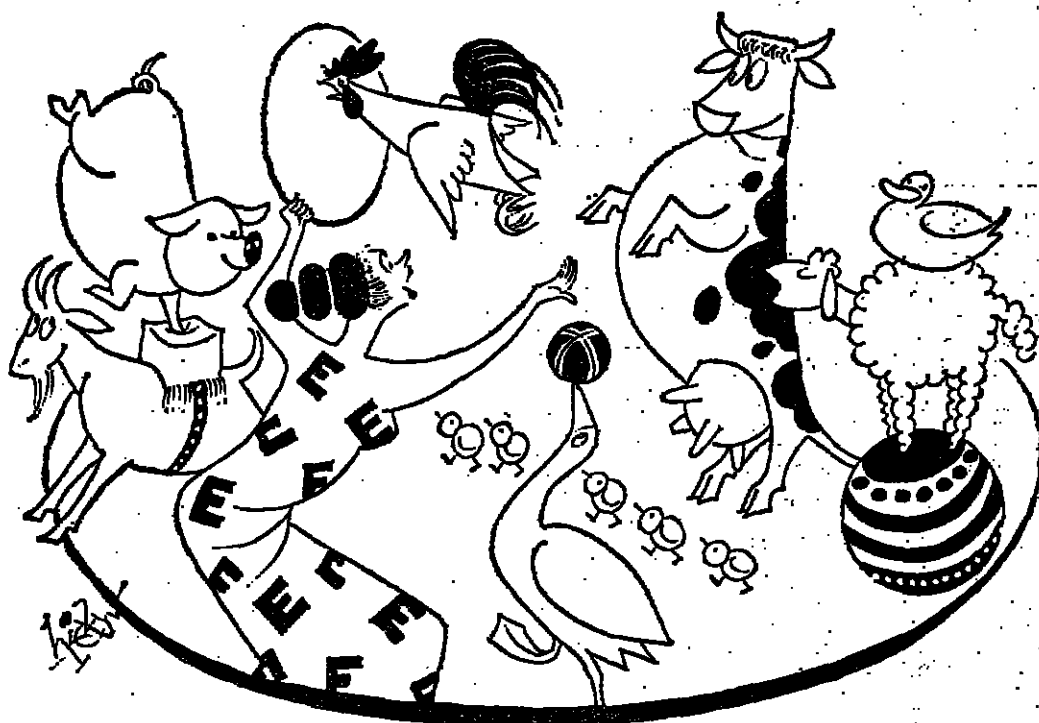


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Balancing act needed if Ten to progress



It would be foolish to expect 1981 to be a good year for the construction of Europe. The Community, threatened with the exhaustion of its own resources, faces the prospect of lengthy negotiations on the overall problems of agricultural policy. It would come as a surprise if these internal negotiations, which will inevitably centre on reform of the Common Agricultural Policy (CAP), led to a general arrangement satisfactory to all parties which wiped the slate clean and laid the foundations for a resumption of Community activity on a sounder basis.

Given the difficulties to be surmounted, the most that can be hoped is that the Ten—for we are now 10 member states, which will make matters no easier—will manage by some stage in 1982 to establish some point of balance which will at least allow the Community to continue.

On May 30, 1980, after negotiations of serious effect for those who had most ground to give (West Germany and France), the Nine reached agreement on a substantial reduction in Britain's net contribution to the European budget. The terms of this agreement covered 1980 and 1981, with the possibility of an extension for 1982.

Aware that the normal workings of the EEC rules were most unlikely of themselves to produce any significant improvement in Britain's accounts in the European budget, even after three years, the Nine devised adjustments which would avoid any recurrence of "unacceptable situations" such as that which in 1979 gave rise to the British claim. (At the time it was forecast that Britain's net contribution to the European budget would be more than 1,500 ECUs in 1980.)

The task to be accomplished by the Commission by June 1981 is twofold: to find the money to fund new common policies which will produce significant effects in Britain; in view of the first aim and the member states' refusal to increase the EEC's resources, to make savings on existing expenditure, mainly agricultural spending.

This task is quite impossible. There seems to be no way that the budget restructuring operation could attain the main objective, to solve the British problem; no way that the CAP reform set in train could release sufficient funds to adjust the balance to the extent which London wants.

The venture launched on May 30 will in all probability prove a disappointment. This gloomy affair could come to its worse pass—the point at which it becomes clear that the exercise initiated by the Commission can yield only limited results—by the end of 1981 or early in 1982.

Whatever the proposals put forward by the Commission in June 1981, it is most unlikely that the Nine will courageously set about establishing new common policies whose existence would be expected to help to restore the balance in the budget. There is no evidence in the member governments' attitudes of a real desire to go much farther than at present.

The British, although in principle most directly concerned, are showing no great

eagerness to hasten in new common policies. The West German Government, in a more vulnerable and uncertain position than in the past, and also disenchanted with a Community whose net advantages seen from Bonn are dwindling steadily, seems determined to greet with circumspection any new common initiative involving serious financial consequences. Moreover, there are not necessarily any budgetary implications in the new policies or measures which may be introduced or hoped to be implemented by 1981—for instance, organization of trade with Japan, or action on industry, energy or monetary affairs.

It is possible to imagine the Community carrying on without finding even the beginnings of a solution to the budget problem. In the absence of any forward-looking themes capable of lending momentum, therefore, the debate is going to concentrate on agriculture. The bargaining is due to start soon with the annual price fixing. The main factors involved are familiar. The Commission set them out clearly in the discussion paper which it sent to the member states in December.

It is no longer possible, it explained, to grant unlimited financial guarantees to farmers. Above a given volume of production (EEC requirements) and certain quantities (the export), the farmers themselves should be responsible for absorbing surpluses. In exchange for such an extension of joint responsibility, the Commission recommends greater caution over exports (especially substitution crops such as cassava or soy which compete with European cereals) and the introduction of a deliberate export policy.

So far, the member states' reactions have not progressed beyond the stage of general ideas, although none has expressed open hostility to the Commission's ideas. The French have not rejected the idea of a greater share of responsibility for farmers, but expect the external agricultural policy to be revised on just the lines suggested by the Commission. They are also pressing for a reduction in the positive monetary compensation amounts (MCAs) applied by the countries with strong currencies—West Germany and the Netherlands. These positive MCAs have the effect of taxes on imports and subsidies on exports and, according to the French, distort competition. Above all, Paris wants a substantial increase in farm prices by April 1—a few days before the presidential elections.

What will happen if, for all the political good will of some member governments, the deadline cannot be met? In Brussels the greatest fear is that the Elysee would rashly grant further unilateral aid on a massive scale to French agriculture; this would be intolerable to the other member states, which have already been irritated by the 4,000 francs handed out in December.

There is a real risk that the situation could get out of hand because the price negotiations will be no simple matter. West Germany and other member states may agree to a significant increase in the common price, but on the express condition that it is decided at the same time to increase the producers' share of responsibility so that the price increases do

not push up support expenditure. But an agreement on the practical details of how joint responsibility can be developed (for example, how the necessary sacrifices are to be shared among the member states) is not going to fall out of the sky.

Another difficulty to be resolved is the likelihood that the West Germans, together with the Dutch, the Danes and the British, will not take too kindly to the prospect of an agricultural policy which would place more restrictions on imports and give greater encouragement to exports. Moreover, the West German Minister of Agriculture is traditionally hostile to any efforts to reduce the MCAs.

What attitude will the British take? They are in the habit of complaining about the high level of Community prices, but they now find themselves in the awkward position, because of the pound's appreciation, of having the highest agricultural prices in the EEC and, as a corollary, positive MCAs. Will they agree to increase their prices by less than the other member states in order to get a reduction in their MCAs? There is no way of telling. Some people, quoting a recent speech by Mr. Walker in which he spoke in favour of the CAP, think that the British attitude is changing. But to what extent?

If the Nine manage to avoid all the pitfalls described above, it may be that an arrangement will emerge under which it will be possible to stabilize European agricultural spending in real terms. But it will still be found that this will be far from enough to bring the British contribution to the European budget down to zero or thereabouts. It will also be found that most member states consider it impossible to take agricultural reform any farther.

This realization that an internal impasse has been reached will no doubt come on top of a generally bad situation. The economic crisis will continue to rage, making the maintenance of free industrial and agricultural markets among the Ten look practically like a miraculous achievement. Did not the Commission announce last December that its forecast for 1981 of average growth in the EEC of 0.6 per cent was probably too optimistic?

In a world in which at least 30 countries are on the verge of bankruptcy, in which the banking system is looking increasingly shaky, the Community may look beyond and rise above its internal tensions and endeavour to safeguard the European Monetary System. The EMS is the last success of the Europe of Nine and it stands as an effective protection against disruption of the customs union and above all the agricultural common market. Defence of the EMS (or) which the British are not party) raises thoughts of the dollar and relations with the United States, with the new Reagan Administration, which promise to be difficult and a further source of strain between Community countries.

Philippe Lemaître

After the coup of September 12, the first two laws passed by Turkey's generals in the National Security Council—meeting in its legislative capacity—were concerned with the centenary celebrations for Atatürk this year. The year is to be designated Atatürk's year, and an Atatürk cultural centre is to be set up to propagate the principles of Kemalism associated with the founder of the Turkish Republic.

One of Kemal's basic principles was that Turkey should shed its quasi-oriental past and associate itself fully with the West. Thus it was no surprise that the military regime of General Evren, along with its Atatürk laws, reaffirmed its attachment to NATO and its alliance with the United States as one of the foundations of Turkish foreign policy.

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Relations with EEC

1963—The Ankara agreement provided Turkey with associate membership and foresaw eventual full membership. During the associate period arrangements were made to bring the economies of Turkey and the EEC more into line.

1971—Turkey applies to the EEC to freeze its relations for a five-year period to give the Turkish economy a chance to develop further.

1979—The New Turkish Government withdraws the freeze proposal and maintains that Turkey's relations can be deve-

loped within the associate membership. A 1982 target date set down for full membership is postponed for about 10 years.

1980—The EEC-Turkey Association's Council sets out a plan for closer Turkish-EEC relations in agriculture, social services, technology and finance, catering for a progressive reduction in agricultural tariffs, some improvement in the status of Turkish workers in EEC countries (but no cross-country mobility), grants for technology, and \$650m in grants and loans.

Trade with Japan put on practical footing

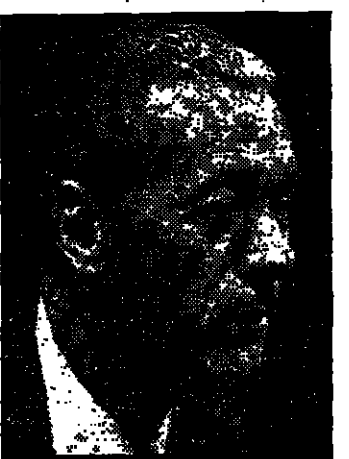
"We must stick to our strong points in negotiations with Japan", M. François Missoffe, Minister in charge of France's trade negotiations with Tokyo, says in a large interview with JACQUELINE GRAFFIN

Minister, having been one of France's best-liked ambassadors in Tokyo, you must be saddened at having to take on the task of damping the enthusiasm of Japanese exporters. Are you not likely to lose a lot of friends?

If I had really been sad, I should not have accepted the job. Why should you define it exactly?

I have not read any official, or even precise definition. But the fact is that the French Government has chosen to take the matter of its trade relations with Japan into its own hands rather than deal through the institutions of the European Community in Brussels. I have been given responsibility for putting our bilateral relations on a practical footing.

Our only means is our power of persuasion. Our argument is primarily political. We have to tell them: do not overstep the limits beyond which you will trigger defensive reactions or indeed hostility which would be difficult for us, as well as you, to overcome. The most important consideration for the Japanese is access to our markets, and these markets are likely to prove ineffective, besides which the Japanese are in a position to barter one deal for another, to play off one country against another,



them. But we could draw attention to our capabilities in the aeronautical field, for instance, suggesting that Japan could find it to its political advantage to buy more aircraft and aeronautical equipment from us. We might also get the Japanese to send missions to France to buy French motor components, as the Americans have done. Would you not agree that the Japanese think: if we are the best, if we are able to produce better goods at lower cost, we have no reason to be ashamed of selling where we like as we like? Did the West worry about trading in China and Japan in the past when the Asian leaders wanted to contain its activities? And moreover, is not free trade fundamental to the official economic and political philosophies of our countries?

Yes, the best is the best. But that still leaves room for debate on how one goes about being the best. We have to get across to our Japanese negotiating partners that what worries us is not their overall performance, but the concentration on a limited range of industries such as radio and television set manufacture, cameras, shipbuilding and now the motor industry in a big way. This creates serious problems in our economies, worst of all unemployment.

It is here, by the way, that the reasons for the differences in the various European countries' attitudes are to be found: the Japanese influence on unemployment, for instance, continued on next page

The new regime in Turkey after the military coup. From left to right: Generals Sedat Celasmur (Gendarmerie), Nuretin Ersin (Land Forces), Kenan Evren (Head of State), Tahsin Sahin Kaya (Air Force) and Admiral Nejat Tumer. Photograph: Abbas Gamma.

West's attitude to Turkey remains ambivalent

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characterized the Anglo-European debate of the 1950s and 1960s, for much the same reasons of culture and history.

Thus we have the Islamicists in Turkey standing out against Turkey's EEC membership because they believe that 40 million Turks should take their position at the head of 1,000 million Muslims. They claim it is a Zionist plot to melt Turkey into a Christian community of 400 million souls. In the EEC, they say, Turkey would be a poor relation, constantly exploited and always at the periphery—culturally, economically, strategically.

The arguments work equally well both ways. On the one hand, Christian Europe has to deal with the Muslim world. It can be argued that the absorption of Turkey with all its obvious European associations as well as its Islamic tradition would be a catalyst to help Europe in its dealings with the Muslim world. Turkey would be the convenient bridge for Muslim nations to cross on their way to Brussels.

On the other hand, Kemal's contribution to Turkey's development was more spectacular to Muslim eyes than to European ones, because Turkey almost alone seems to have reached a position where Islam has been "privatized" rather than where society has been secularized. Secularization would have been too great a convulsion even for Atatürk, but Turkey is well on the way to proving that Islam is not just an atavistic Bedu religion ill-equipped for the twentieth century.

That there is still tension in Turkey—an undertow—shows how difficult that process is. The stresses in Islam are the equivalent of the eruptions of the Reformation in Europe—and at about the equivalent time historically.

Perhaps it would be better for Europe if the Muslim world was led by a country which in Islamic terms was obviously paving the way for the future. But if the Islamic world is not capable of such leadership—and it appears not to be—it must be better for Europe to have Turkey within its community than without.

Charles Douglas-Home
Foreign Editor, The Times

ADVERTISEMENT

Applications for the "Journalists in Europe" programme are invited as from November 1, 1980.

The "Journalists in Europe" programme trains specialists in European affairs. It gives trained journalists the opportunity to familiarize themselves with the European Community institutions and to discover the political, economic, social and cultural realities of each of the EEC member countries. The journalists can also continue working for their media of origin or on a free-lance basis. During the eight months of the programme the journalists belong to Europe magazine's editorial staff. Due to this programme, one hundred and thirty-five journalists from forty different countries have been able to gain an international dimension within their profession.

Candidates are selected by the "Journalists in Europe" Supervisory Council which is composed of European personalities. Journalists wishing to apply must have had at least four years' journalistic experience, be no older than 35 and have a good knowledge of French and English. Intensive language courses in either of these languages are organized in Great Britain or France before the start of the programme.

Applications for the programme should be sent by February 1, 1981 to the largest of the "Journalists in Europe" Association:

Journalists in Europe
35 rue du Louvre F 75001 Paris
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Britain comes off worst in gloomy forecast

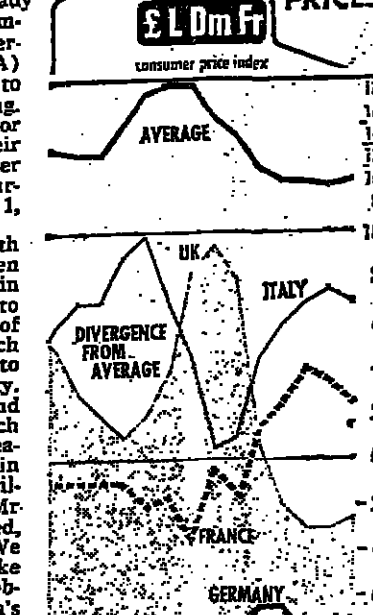
Governments enter the new year asking themselves some searching questions. Events during the 12 months ahead will be conditioned by several unknowns. First, there is the far from clear situation at the beginning of the year. In the four European countries production had still been falling sharply in September and October, as our graph shows. During the more recent period, however, there have been signs in France and West Germany that the decline is being arrested. For instance, the French national institute for statistical and economic studies (INSEE) shows that consumption began to rise once again in October. In the same month, West German industry's orders, which had been falling for some time, showed a slight improvement. As yet these developments cannot be described as a true change in trend, since they may reflect no more than a

temporary improvement. In the United States the motor and housing construction industries are being weakened steadily and are severely under pressure of the policy of high interest rates pursued by the Federal Reserve Board (Fed) which Mr. Taccoca, president of Chrysler, has described as "crazy". Consequently, the early part of 1981 will be a period of stagnation, if not further recession, for the American economy, confirming the forecast made a few months ago of a W-shaped pattern of business activity. Even Japan, which has so far managed to maintain a higher level of activity than elsewhere, is experiencing a slowdown, with the bulk of its remaining economic growth coming from exports, since the sharp fall in consumption is barely being offset by increases in capital spending. Considered overall, therefore, conditions at the outset

of 1981 are not good. There is every reason to expect a downhill slide, or at best a trough. Such a poor start clearly means that even a mediocre growth rate such as the widely advanced forecast of 1 per cent comparing 1980 with 1981, will require an appreciable recovery during 1981, and that no later than the end of the first half, in order to make up the ground lost during the early months. Is such a recovery possible? Several conditions will have to be fulfilled if it is to be achieved. The first of these is a levelling-off in oil prices. Unfortunately, the upward pressure is still continuing for the time being, although consumption and imports have fallen generally under the threefold effect of high prices, structural change and the sharp fall in business activity. Why is this? In their obsessive fear of shortage, the consumer countries are still

building up stocks already high. Hence the recent recommendations from the International Energy Agency (IEA) calling upon its members to curb their immoderate buying. The producer countries, for their part, made plans at their meeting in Bali for a further increase in the price per barrel with effect from January 1, 1981. As oil has to be bought with dollars, it has been made even more costly by the increase in that currency in response to the abnormally high level of American interest rates, which represent a further danger to European economic activity. This brings us to the second condition for a recovery, which is a rapid return to more reasonable monetary conditions in the United States. Its fulfilment depends directly on Mr. Volcker, chairman of the Fed, who recently declared: "We have the opportunity to make a decisive attack on the problem at the root of America's economic troubles, namely inflation", which suggests that he will lean up the pressure some what more.

Is this crazy? Mr. Willard Butcher, president of Chase Manhattan Bank, considers that without other measures such as reduction of government spending or the ending of wage indexation, Mr. Volcker's tight squeeze is merely making the situation worse. Will Mr. Donald Regan, the future Secretary of the Treasury appointed by President-elect Reagan, be able to concert his efforts with Mr. Volcker's and take action so that other means can be brought into play to relay the excessive monetary pressure? A third condition which colours the outlook for the year is maintenance of international trade despite the difficulties. The worse the prospects on its domestic market,

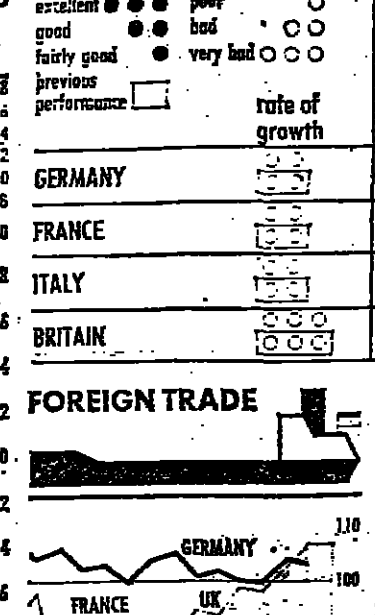


the greater a country's tendency to seek compensation abroad, confronted with the problem not only of upholding its trade balance, but also of maintaining employment and securing companies' futures. Here Japan comes under close scrutiny, since the bulk of its growth is achieved through exports. Will it be able to moderate its activity somewhat, since otherwise frontiers may be closed to its over-pervasive products? It may not be long before this happens, in one form or another, in France, to judge by the warning recently received by the Japanese from the French Prime Minister. "The need to resort to protectionist measures will become irresistible", he stated, "unless Japan and France seek to establish machinery and make arrangements for the necessary transitions over a period". He added that "there will not be permanent protectionism, but it is necessary to understand and acknowledge that it is unacceptable for future security to be submitted to such pressure that they are unable to modernize and protect their futures".

US recovery slows

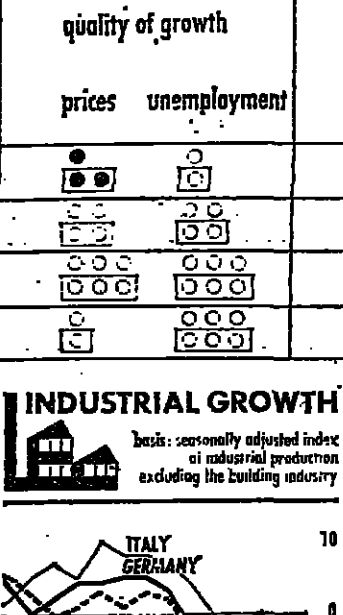
Growth rate: the recovery continues in the United States, but is losing momentum, the clearest indications of which are to be seen in the slow-downs in housing starts (up only 1.6 per cent in October compared with 8 per cent in September) and orders taken by manufacturing industry (1 per cent and 4.9 per cent for the same months). Prices: retail price inflation is accelerating once again. Based on a three-month calculation it is up from 8 per cent to 11 per cent. Unemployment: the unemployment rate expressed as a proportion of the working population rose from 7.5 per cent in September to 7.8 per cent in October, only to return to 7.5 per cent in November. Foreign trade: the trade deficit (fob/cif), having reached a low point of \$1,000m in August, shot up again to \$1,640m in September, and was actually slightly worse in October, at \$1,840m. Monetary and financial influence: recent weeks have seen an explosion in American interest rates, with the prime rate rising from 14.5 per cent at the beginning of November to 20.5 per cent by early this month and increases in the discount rate from 11 per cent to 12 per cent and then 13 per cent (with a penalty rate of 16 per cent).

Protectionism is not regarded as a possibility in West Germany. According to Herr Rolf Rodenstock, president of the IBDI (the employers' organization), it would be wrong to take a short-term view of the current account balance of payments deficit and make immediate efforts to eliminate it, since this could divert attention from the essential problem, which is the need to make structural changes. West German industry, therefore, thinks that it is in a position to absorb the shock, ride out a bad year in 1981 and hope to do better in 1982. What, then, are the forecasts for 1981? Given the extent to which they are conditioned by the greater or lesser uncertainty of assumptions about developments in the world economy as outlined above, it is not surprising that they vary, particularly since it is also necessary to take account of the action which individual countries intend to take on their own behalf in order to extricate themselves from the trap of low growth, which may well make matters worse for other countries. Japan is expected to fare best, with growth at almost 4 per cent. It has its strategy, especially its monetary strategy. Despite the surge in the United States, interest rates are falling in Japan, against the trend in other countries.



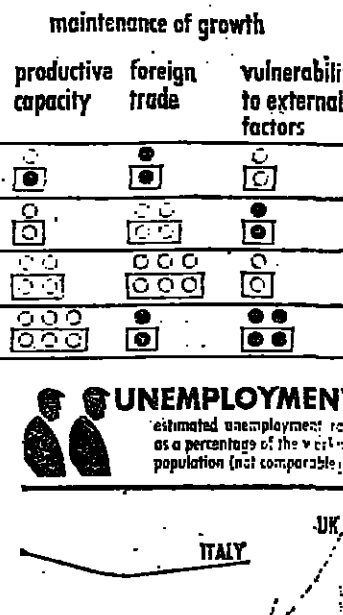
Between September and October the average inflation rate for the four European countries rose slightly to 10 per cent. The West German rate showed an increase from 1 per cent to 3 per cent, while there was almost no change in France (12.5 per cent), Britain (7.5 per cent) or Italy (17 per cent). These are the rates calculated on the past three months. Those based on the year-on-year calculation are 5.3 per cent for West Germany, 13.8 per cent for France, 15 per cent for Britain and 21.5 per cent for Italy.

Growth rate: industrial output, having contracted by 2.3 per cent in the third quarter, improved slightly in October and is still 4 per cent higher than in the previous year. Prices: inflation eased in October: calculated over three months, it fell from 6.5 per cent to 6.1 per cent, and over 12 months, from 8.9 per cent to 7.8 per cent. Unemployment: the unemployment rate, calculated as a proportion of the working population and seasonally adjusted, rose slightly from 2.02 per cent in September to 2.16 per cent in October. Foreign trade: the seasonally adjusted trade balance, having shown a surplus of \$284m in September, returned to deficit in October (\$538m shortfall).



On a calculation based on August, September and October compared with the previous three months, industrial output continued to fall in West Germany (-5 per cent), France (-6 per cent), Italy (-10 per cent) and Britain (-12 per cent). This has been made possible by the mass of petrodollars attracted by the record profits of Japanese companies in electronics, the motor industry and even steel, and by the country's prospects. Japan, therefore, has much greater room for manoeuvre, but its healthy position is still vulnerable because the risk that protectionism will flare up cannot be discounted.

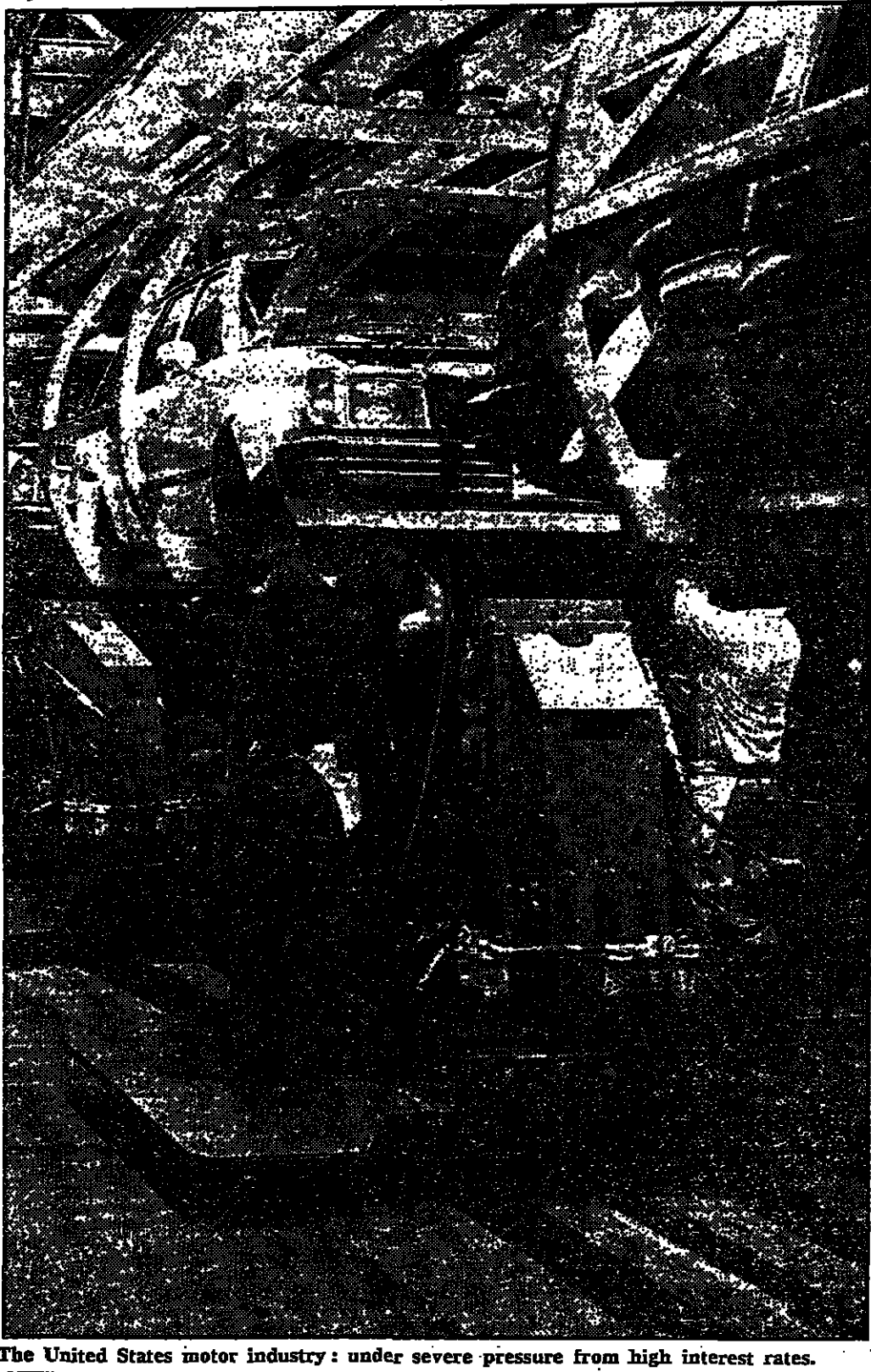
At the other extreme, Britain seems to be settling for a recession, with Mrs. Thatcher looking no farther ahead than the medium term beyond a drastic cure which some observers think could kill the patient. The Confederation of British Industry, after its most recent survey, is forecasting a 2.5 per cent fall in domestic production in 1981. The other European countries' forecasts lie between these two extremes. The most ambitious, 2.2 per cent growth, has been made for France by President Valéry Giscard d'Estaing, but this figure has been greeted with scepticism by most forecasters, who are looking for no more than a modest 0.5 per cent. West Germany's official figure is 0.5 per cent at best, and that subject to certain



Between October and November the unemployment rate, expressed as a proportion of the working population and seasonally adjusted, continued to rise appreciably in West Germany (from 4.15 per cent to 4.3 per cent) and substantially in Britain (7.7 per cent to 8.3 per cent). The French rate has also begun to deteriorate (6.7 per cent to 6.85 per cent).

favourable conditions, namely those set out above, together with wage moderation. There are other more pessimistic forecasts, however, such as that announced by the international institute in Kiel, which actually expects a recession, with production falling by 1.5 per cent. The outcome will depend in all cases on what happens in the United States, where stagnation is forecast. The forecasts are, therefore, generally bad and at best mediocre. Fortunately, the figures are not to be taken at their brutal face value, since they do at least expect a reversal of the trend during 1981 which has been forecast by most analysts, and the differences between forecasts are accounted for largely by different views on when the improvement is likely to materialize. Hope should, therefore, return in the second half of 1981 and especially in 1982, a year in which, according to many observers, fundamental industrial changes will take place. At least the suffering in 1981 will not be for nothing.

Maurice Bommensath
economist with Legos,
management consultants,
Paris



The United States motor industry: under severe pressure from high interest rates.

Rising stars

Wine expert embraces ecology



The Kressmanns deserve a whole chapter in the history of fine French wines. One of them came from Gueswiller to settle in Bordeaux in the middle of the nineteenth century. Members of the wealthy Protestant bourgeoisie, they favoured solid houses, support the arts and believe in strict moral standards. At the age of 20 in the early 1890s, Edouard had been more interested in music than in the wine trade. But duty to the family came first and, by the time he was 35, during the war, he had become the youngest president of the wine traders' association. The industry was still going through a crisis, a depression. He took a hand in the reconciliation of the wine-makers and growers, traditional rivals, and revived exports of fine clarets to the United States and Europe. With a friend, another former Boy Scout, but a Catho-

lic, he set up the Conseil interprofessionnel du vin (wine trades joint council) and then the Maison du vin, one of the prides of Bordeaux. An enthusiastic storyteller, he talks of wine in the manner of a troubadour talking of his lady love. He is the author of *The Wonder of Wine*, which was commissioned by American publishers and translated into French long after it first appeared in English. His life, so far, had been wholly conventional. It was not until he grew older that he began to entertain extravagant ideas. He dreamt of retiring so that he could at last indulge his passion for music and compose. At 65 he took a breather but not for long. Conversations with two friends, the lawyer Jacques Ellul and the historian Bernard Charbonneau, both Protestants who were deeply attached to the land and fierce

critics of the technocratic society, left him disturbed. Reading Barry Commoner filled him with horror. There could be no question that he could stand idly by. He decided to take up the cudgels for his 18 grandchildren and their contemporaries. He became absorbed in ecology. He was quickly struck by the paucity of ecological thinking, which he thought should range beyond the scope of the habitat. He spoke and wrote about it, making little impression. He carried on untiringly. Four years later, Jean-Marie Pelt held a conference at his Institut d'études écologiques in Metz for some 50 well-known and less well-known Europeans who opted "for life, not death". Taking the view that operating on a worldwide scale would be too much, they decided to begin by working for and within Europe: not the Europe of Valais, nor that of the nation-states of the EEC, but the Europe of the regions. With Denis de Rougemont, they set up the Ecoparc association. As secretary-general, Edouard Kressmann plunged himself into the work of organizing, coordinating activities and stimulating research. Localized action is the routine, with campaigns against nuclear energy and in support of safe and decentralized energy generation. The association publishes newsletters in several languages describing the activities of the networks working for "an alternative life" in the various European countries. It also issues pamphlets and brochures. Political action is mounted with the aim of securing the establishment of a "European senate of the regions" and the revision of the Treaty of Rome, which, being based on con-

Trade with Japan on practical footing

continued from previous page can differ widely according to the position occupied by a country's home industry before the arrival of Japanese competitors and according to the market penetration they achieve (this, too, varies widely from country to country). Then there are the differences in economic philosophy: West Germany is unreservedly committed to free trade, France claims to favour "organized liberalism", while Britain calls itself "pragmatic", so that it is allowing itself to be turned into a bridgehead to Europe for Japanese products. Each country has its motives. Is not talk of "organized liberalism" a contradiction of the meaning of liberalism? Once you have companies that have to be controlled by international scale that a small number can control supply and governments start trying to lay down quotas and restrictive rules to regulate trade? I believe that if we are to avoid a resurgence of real protectionism, which would itself be dangerous, a measure of market organization is the only means available. In its policy towards Japan, France has two aims: to secure agreements on voluntary limitation of Japanese exports, of cars in particular, and to negotiate cooperation agreements on Japanese imports of French and European products. I will tell you frankly that I have little faith in voluntary agreements to limit their own exports, which some people want to force upon them. Why is that? Because their application cannot be monitored or enforced by sanctions, short of setting up a thoroughly protectionist *cordon sanitaire*. Most goods can be taken in and out of our countries more or less at will. The Americans have nevertheless negotiated agreements, which are the envy of many other countries, whereby the Japanese have agreed to voluntary limitation of exports of certain products to the United States.

Yes, but experience shows that they have not resulted in real compliance with the targets set. Let me give you an example of what happened. A few weeks ago a big official meeting was held, with representatives of trade associations in the motor industry and government officials from Europe and Japan. On the very day of that meeting the president of Nissan, on the eve of announcing his new agreement with Volkswagen, could hardly contain his mirth when confiding: "You see, in these meetings, they are not even aware of the most important events of the day in their own industry". This is true. In a nutshell, the European Commission wants to negotiate about appearances whereas I want to negotiate about realities. If voluntary limitation agreements are unreliable, and the Japanese are getting increasingly competitive, what can we do? There is only one solution: to sign more cooperation agreements, organize dialogue, information, and two-way exchange, and to grasp the point that we, too, have much to gain and much to learn from the Japanese. Our companies show no cohesion in facing the Japanese only an inferiority complex. We need agreements between companies and between groups of companies. The Japanese have too much contact with our public servants and not enough with our business leaders. They themselves complain that they are not in touch with enough business people, especially in France. How many French firms have made genuine efforts to conclude agreements with the Japanese? The number of French companies permanently represented in Japan must be doubled within the next year or two, so that it will be at least equal to the number of West German companies established there, which is 250. That depends on us. Are not our industrialists afraid that Japanese firms will plagiarize them? Yes, naturally, I could quote

dozens of cases. A few years ago, when the head of a large Japanese group came to Paris, all the important people refused to see him and I was not even able to get him into the two or three factories he wanted to visit. Caution was the order of the day. The upshot was that he signed agreements with American and West German companies. He bought patent rights and now he is back on our market with products which are causing difficulties for our manufacturers. Today he is invited to our bilateral or multilateral meetings. I assure you he finds it all very amusing. But is it not so that, in all these meetings, the Japanese are interested almost exclusively in agreements in fields which happen to be connected with aeronautical engineering, nuclear energy or chemical engineering? For instance, in which Europe is strong? Are they not simply hoping for transfers of technology? Of course, but it is an illusion to think that we can stop them making progress. They will make progress, with or without us. So we may as well be in on it. It is even only a matter of time before they start up their own arms industry, including conventional weapons for land forces, let alone space, in which they are already well advanced. Their defence budget is about to be increased, under combined pressure from home and the United States, with all the implications in terms of research and industrial spin-off. Recently the Japanese army was in the market for tanks. The Europeans had little difficulty in demonstrating that it was not all advisable to buy from the United States. There was a Franco-German tank which not only had the advantage of being European, but also met the performance specifications most fully and was the cheapest. The negotiations went forward. It was logical for the Japanese to buy. In the end, though, they decided to make their own tank, although it would be less effective and more expensive. Their decision becomes explicable

only when one realizes that this is the first stage in a process which will gradually enable them to produce competitively in this field, too. Here is serious cause for concern for France, which earns a substantial proportion of its export revenue from defence sales. Are not the Japanese open to criticism for keeping their market closed while selling their own products all over the world? Yes, but such criticism would be to no avail for two reasons. The first is that their market is quite small and, even if it were thrown wide open, this would not be enough to offset the effects of competition by their companies against ours, not only in their country and ours, but throughout the world. The problem therefore comes down to overall competitiveness and dynamism on both sides. The second reason is that certain priority rules must be observed in order to negotiate successfully with the Japanese, the first of which is: only put forward complaints based on irrefutable arguments. For instance, caution should be exercised in raising the matter of fluctuations in the exchange rate of the yen because their causes are not clearly identifiable. Similarly, it is difficult to argue on the basis of Japanese import barriers because the greatest barriers are often psychological and unofficial. And the second rule? Make requests only on specific points which the Japanese authorities can examine on a practical basis. Their approach to problems is ill-suited to general requests. We shall gain nothing by asking for the abolition of non-tariff barriers. We must follow the American example and work on breaking down one barrier after another. I would add that it is no good trying to make the Japanese feel sorry for us. It has taken them a century to lift their country into a position of strength and they have respect only for those who have done the same. We must stick to emphasizing our strong points.

Mr Reagan assumes office later this month. What effect will the change in administration have on the United States itself, and on the Middle East and Europe?

Both voters and abstainers are sceptical

While the future President of the United States has been choosing his colleagues, people both in that country and abroad have been hoping that the new team will be able to revive the damaged domestic economy and at the same time restore United States authority in the world. Such were the themes of the Reagan electoral campaign, but there is still uncertainty about various essential matters, and divisions and confusion can be expected.

Looking to the immediate past, what does the election result mean? Is it a significant turning-point marking the end of the Roosevelt style coalition, the elimination of the "liberals", a decisive surge by the conservatives, and a deeply felt longing for a return to traditional values? Or is it just another change of political fortunes, a massive repudiation

of Mr Carter, rather than the emergence of a new majority? Some observers point to the abandonment of the Democrats by a large proportion of manual workers, Roman Catholics and southerners, and the landslide victory of the right in the Senate. Others emphasize the very low poll in the elections, the narrow margin by which the conservatives were elected to the Senate, and, above all, the extraordinary manner in which the voting pattern split on economic lines with those earning less than \$15,000 a year and those whose financial circumstances have improved or not deteriorated since a year ago voting for Mr Carter, and the rest voting for Mr Reagan. This would tend to prove that the electorate was disillusioned with Mr Carter's economic policy and merely chose to give his rival a chance, so that Mr Reagan will have to demonstrate his competence before he

will be able to forge a lasting coalition. But will he be able to prove himself? On the domestic front, he has promised to revive the economy by cutting taxes and to combat inflation by reducing the Budget. However, many people believe that the increase in incomes brought about by these means will bring a surge in the inflation rate rather than economic recovery, which is likely to be held back by the banks' policy of high interest rates. The hopes of a reduction in the Budget deficit could prove to be no more than a pipe-dream, in view of the plans for a substantial increase in military spending and the difficulty of reducing civilian spending, many forms of which are incompressible, while others can be reduced only at the expense of the social strata that were attracted by Mr Reagan's promises to touch financial transfers. Others still,

such as aid to the states and towns or public works, can be cut only at the cost of higher unemployment. Mr Reagan has also undertaken to reduce state intervention in American society and to free the economy from anti-trust regulations, pro-ecological regulations and regulations imposed to combat racial discrimination. However, this policy, despite Mr Reagan's act of faith in the increase in American oil output which will make possible, could well exacerbate the energy problem. The solution requires a combination of an active energy conservation policy, which he says he does not want, and government encouragement for the development of new sources of energy. If accompanied by reductions in federal and local taxes, the policy of "deregulation" could also cause the public services to become still more shabby and inefficient, bringing a users'

revolt in the wake of the taxpayers' revolt. Come what may, the Government will have to devise an industrial policy in view of the threat hanging over very large sections of the economy, such as the motor, steel and textile industries. The Government will have either to encourage them to reorganize redeployment or, if it succumbs to the very heavy pressure already in evidence, to rescue companies faced with bankruptcy by providing loans or organizing measures to protect them against foreign competition. These are contradictory courses, but both are out of keeping with Mr Reagan's liberal and easy ideology. On foreign policy, Mr Reagan is above all keen to strengthen the military power of the United States. An arms build-up could, admittedly, help to reduce unemployment, but such a policy and an in-

crease in the Armed Forces' maintenance expenditure could have serious inflationary consequences. Moreover, three questions of strategy arise on which Mr Reagan's camp is divided. Should resumption of serious negotiations on arms limitation be delayed until the United States has regained what Mr Reagan calls a safety margin (in other words a measure of superiority) which would enable it to exert pressure on the Soviet Union, which is believed, in view of the state of its economy, to be unable to keep up in an arms race? Or would it be better, if only to reassure its allies, to resume the SALT talks while at the same time building up arms stocks? The further question arises of priorities in such a build-up. Does the United States weakness lie in nuclear weapons, should mobile systems—invol-

verable as a first Soviet strike and capable of destroying Soviet missiles—be given priority over new bombers able to penetrate the Russian defences so as to offset the inevitable advantages in terms of conventional forces on the Soviet side? Or does the real problem lie in the imbalance between the two sides, and if so, should not top priority be given to restoring the Army's strike capability and improving its mobility, creating a reserve strength and perhaps—contrary to election promises—reintroducing conscription? Finally, should the Armed Forces be given the role of deterring attacks by the Soviet Union by its allies and resisting such attacks in vital areas such as Europe and the Middle East, or should their mission be extended to include intervening to eliminate internal troubles in countries in these regions or elsewhere, such as Central America?

Above all, should forces be maintained in the United States and Europe in readiness to go to other parts of the world as necessary, or should fewer efforts be made to find overseas bases, in exchange for which it would be necessary to give possibly imprudent political undertakings to countries prepared to exploit American willingness to protect them for their own purposes? Will there not be a glaring contradiction between the intensely pro-Israel position of part of the Reagan team and the intention to increase the American presence in the Middle East? And if priority is given to the latter, will there not be a clash between the pro-Israel tendency and the attitude of those Reagan supporters who are calling for a further attempt to settle the Palestinian problem; even if this goes further than Camp David?

Just as the domestic policy is based on reliance on free enterprise, so the new foreign policy rests on confidence in the magical properties of power and on an analysis of the world in bipolar terms. This represents a return to the 1950s. If all these calculations prove wrong, the electorate will once again be thrown into confusion. This brings us to a final question: does the cause of the crisis in the United States lie primarily in its institutions or in the problems confronting it? Many Americans today hope to find a remedy in the

dream of institutional reform, the aim being to eliminate the paralyzing factors inherent in the method by which the President is selected, the shortness of his term of office, the separation of powers and the fact that Congress no longer incarnates the parties of the nation's "elders", as in the days of the system based on seniority. However, although the institutions undoubtedly exacerbate the difficulties, they are not the cause. The fundamental causes are to be found at a deeper level, in two series of problems. Externally, there is the development away from a world in which the United States had predominated towards a much more complex world where the cold war still prevails, but in which small and medium-sized states play their own game, exploiting the rivalries of the big powers and in which the problems of the international economy confront the United States with constraints and threats that owe nothing to the Soviet Union.

Internal causes are the simultaneous presence of post-Keynesian ills (inflation and unemployment combined, obsolescence of both conventional liberalism and traditional conservatism, multiplication of special interest groups), and the fundamentally ambivalent attitude of many Americans to moral and social changes. These changes—in the family, and associated with recognition of minorities' and women's rights—are undermining their values, their sense of order, their faith in advancement "through work and thrift", although they themselves have—sometimes unwittingly—already abandoned many of these values, in that they have come to expect all sorts of state aid, to work less and still to maintain as a profane level of personal consumption as possible.

The United States is beset with contradictory tendencies and combinations of sphinx-like enigmas, and this is the true nature of what is wrong with the country. It explains not only the nation's regularly renewed and regularly disappointed search for a miracle leader, but also the profound scepticism evidenced by those who voted as well as those who abstained.

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Fate of detente hangs on the Arab-Israeli conflict

At a meeting in Vienna a short while ago, I asked Chancellor Kreisky of Austria about the fate of the European initiative on the Middle East now that Mr Reagan would soon be President. His answer expressed Europe's overriding concern: "It all now depends on Mr Reagan's position on detente". It may be too early to tell the precise position the Reagan Administration will take on detente, but the first indications of it are quite likely to appear not in Europe but in the Middle East. In the immediate future the Middle East may be the testing ground for East-West relations, and the fate of detente may well depend on the policy the new American Administration will pursue in the region.

United States Middle East policy under President Carter, despite its grave failure, at least addressed itself to the central problem of the Middle East. Mr Carter spoke of Palestinian rights and of a comprehensive settlement and was consistent, at least verbally, in opposing Israeli settlements and the annexation of Jerusalem. What course American policy will take with Mr Reagan at the helm is hard to predict.

The Iraq-Iran war has greatly intensified tension in the Gulf area, yet the danger of super-power confrontation has abated, as neither side showed itself willing actively to intervene in the conflict. Now a tacit understanding on a hands-off approach seems to have been reached. Most Western observers agree that a Soviet move to control the Gulf militarily is far-fetched. This is unlikely to happen because the Soviet Union knows that such a move would elicit a massive Ameri-

can response and perhaps trigger a third world war. The context of super-power confrontation lies where it has been for many years—the Arab-Israeli conflict. Here the danger of confrontation has increased as a result of the recent signing of the Syrian-Soviet Treaty. If war breaks out between Syria and Israel the Soviet Union will probably be forced to come to the defence of Syria; it is unlikely that it would allow the destruction of the Syrian Army or the collapse of the Assad regime. Soviet intervention in Afghanistan provides the precedent and the model of intervention in Syria. Any sane person can see that the Middle East crisis will be intensified by introducing cold-war tactics to the area.

Military bases, arms transfers, defence pacts (let alone stationing of ground troops), will only increase the tension and the risk of widening the conflict. The solution lies in the opposite direction: in arms control, in reduction of military presence, in elimination of military bases and, above all, in seeking peaceful settlements of disputes.

To be stable and secure, the Middle East must become neutral, outside the sphere of influence of either super-power. Unfortunately there is no general agreement on this point. Israel in particular wishes the United States to become directly involved in the "defence" of the Middle East. Mr Begin, for example, has called for the stationing of American troops in the area, presumably in Sinai or Israel. This position has been elaborated in military and political terms by Israeli spokesmen, including Mr Moshe Dayan and Mr Chaim Herzog.

Evidently, Israel's main goal is to use Mr Reagan's tough attitude towards the Soviet Union to try to change Western thinking about the Middle East. The Israeli position aims at establishing three points: that the threat to Western interest in the Middle East derives not from the Arab-Israeli conflict ("the Palestinian problem") but from unrelated issues, the Iraq-Iran war demonstrates; that, indeed, the Palestine problem has no direct bearing on Gulf security and should be relegated to the background of political discussion; that only Israel, militarily the most powerful and politically the most reliable ally the West has in the region, is the bulwark of Western defence.

But development may not take the direction the Israelis wish. Despite Mr Reagan's unqualified support for Israel and his sabre-rattling approach to the Middle East, it is difficult to imagine the President-elect sticking to extreme positions after assuming power.

There are those among Mr Reagan's advisers who do not regard this close connection with Israel as an unqualified blessing. Some see it as something of a liability, particularly where the new Administration's relations with the oil-rich and "moderate" Arab states are concerned and, unlike Mr Begin and his colleagues, they regard the Palestine question as central to Arab-American relations.

They view any involvement of Israel in the Gulf as potentially disastrous, spreading rather than containing the conflict, and are inclined to believe that only by keeping Israel out of the Gulf could Gulf security best be protected.

Syria's decision to sign the Treaty of Friendship with the

Soviet Union was directly the result of fear of an Israeli attack. Thus, far from keeping the Soviet Union out of the Middle East, Israel contributes to augmenting Soviet presence in the area.

The course the Reagan Administration will take in the Middle East in 1981 is bound to have considerable effect on what Mr Paul H. Nitze, a former Secretary of the Navy and a member of the United States State delegation from 1969 to 1974, defined as the two top strategic priorities in the 1980s: the solidarity of the NATO alliance and Gulf security. In this view a tough American policy of confrontation in the Middle East would tend to weaken the political link of NATO Europe to the United States.

The European countries, as demonstrated by France and West Germany, the mainstays of the NATO Alliance, will take independent steps to protect their economic interests and to assure European safety in a situation of mounting super-power confrontation. On the other hand, an American policy pursuing accommodation and comprehensive settlement would greatly contribute to strengthening the Western alliance and to improving the chances of detente with the Soviet Union.

But first, the new American President will have to make up his mind whether to follow a policy of total commitment to Israel, or one based on a balanced and more realistic approach, taking national interest, Western solidarity, international economic stability and fundamental human rights as its objectives.

It seems extremely unlikely that Mr Reagan will ignore the basic facts of the Middle East

situation or fail to respond to the international agreement regarding it and, in particular, the Palestine problem. It will serve neither Western interests nor world peace to delay dealing frontally with this problem, which the whole world agrees to be at the heart of the Middle East crisis.

Failure to do this, and pursuing instead a cold war policy, will probably result in turmoil and instability in the region, leading to collapse of the status quo and a serious threat to the wellbeing and peace of the world. This apocalyptic development may be triggered by despair within the Palestine resistance movement, which includes probably some 70,000 to 80,000 young men and women trained in modern weapons and lethal explosives. More likely, however, the collapse may result from internal disruptions within various countries, more or less similar to the Iranian pattern.

In considering these possibilities it should be kept in mind that the vast majority of

people living in the main Arab cities, including those of the Arabian peninsula and The Gulf, have been experiencing increasing impoverishment as a result of inflation and unequal distribution of wealth. For the typical member of the lower middle class, which forms the core of the urban masses, the material and psychological effects of reduced social status and economic deprivation are less easy to bear when Arab wealth is increasing greatly but remains in the hands of a small group of fabulously rich people who continue to get richer.

The moral and economic forces thus combine to create a mood of anger, humiliation and frustration similar to the one that prevailed in Iran before the revolution. It goes without saying that increased foreign presence or military intervention in The Gulf is bound further to poison the atmosphere.

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Election had a fortunate but risky result

Relations with the United States are once again becoming one of the main issues in European politics. This has not been so throughout the lifetime of the European Community, and especially since it has been seeking to assert its personality and pursue its own policy in certain spheres. The United States has been in a temporary position of weakness, but after January 20 we shall no longer be able to disregard it.

From a European viewpoint, the election of Mr Reagan is a fortunate but risky result, a new "American challenge".

In a dangerous world, it is not in our best interests to have a strong and resolute America alongside us? Mr Reagan's victory may be interpreted as an awakening of the American people, a collective will for renewed strength. We are in the same boat. A weak United States would mean a weak Europe.

It will now be possible to open a dialogue with a predictable partner. It has been difficult to converse with a hesitant and inconsistent partner, which is how our American ally has looked only too often over recent months. Matters have been made worse by the failure to consult Europe when decisions have been taken.

Mr Reagan's exhortations to Europe to make a larger contribution to its own security may stimulate efforts to build the Atlantic pillar of the Atlantic Alliance.

There is another side to the coin, however. What if Mr Reagan and his team reverted to the old concept of American leadership, which is no longer suited to Europe and the world? What if they brought excessive pressure to bear on Europe's economic, foreign and defence policies to bend them to American interests? Such an attitude would expose us to two risks. Assuming that the Community countries succeed together against the pressure, Europe and the United States

would enter a new period of tense relations, the consequences of which no one could predict. There could be an economic war which would be damaging to all.

If the Nine (or now the Ten) divided or allowed themselves to be divided, Europe's nascent solidarity would be shattered. Britain would be tempted to revive its "special relationship" with Washington, although it would remain to be seen whether this was a real possibility or a pipe dream. West Germany would perhaps be inclined to realign with the United States.

This would put pressure on the Franco-German entente, the driving force behind European unity. France would then be isolated and in such a situation would be bound to experience a resurgence of the anti-American and anti-European feelings which came to the surface a few years ago.

How can the opportunities be grasped and the risks overcome? What conditions are needed for fruitful dialogue with the United States?

The first depends on Europe alone: France must be rid of the received ideas, prejudices and dogma inherited from the past. A form of Gaullism—unfaithful to the realism characteristic of its inspirer—made out the great threat to France's independence. This interpretation was wrong-headed from the outset and can now be seen to be absurd. The main threat, clearly identifiable as such, is Soviet over-arming and expansionism. It is based on a subtle combination of detente and military superiority which encourages dissociation between Europe and the United States and discourages European defence efforts—a combination which could condemn us to defeat without a war.

No less absurd is the idea that Europe can and should unite in opposition to the United States. This would be

going against the wishes of the majority of Europeans and against Europe's own interests. To embark upon such a venture would be to court certain failure.

A second error is the direct antithesis of the first: a form of Atlantism which recommends relying entirely on American protection, following American policy—whatever it was—under all circumstances, and doing nothing which had not received American approval.

In order to convince the Americans, we Europeans must speak to them at all levels, and with a single voice. This is the second condition needed for a fruitful dialogue. It is probably more difficult to meet, since it requires the cooperation of both sides.

It does not seem impossible to make them understand and accept that their best interests would be served by treating Europe as an equal partner and no longer as a vassal; by acknowledging that Europe has not only a regional role, but also its own distinctive part to play in the world—the Third World in particular; by accepting Europe's legitimate ambition which is, or ought to be, to ensure its self-interest in world politics, which President Giscard d'Estaing has rightly described as abnormal. But how can Europe gain recognition unless it exists as an entity and conceives a great collective ambition?

What is needed in essence is agreement with the United States on a new division of tasks within and beyond the present boundaries of the North Atlantic Treaty. In Africa, for instance, are not the European countries better placed than any others to support the development and protect the independence of young vulnerable nations? In the Middle East and on our own continent, do we not have special responsibilities in the promotion of peace and security? On events in the Straits

Towns and villages recognize the benefits of joint promotion

The ski resort becomes the ski metropolis

In past centuries isolated towns and villages were first joined together by roads and then merged to become conurbations. Today ski resorts become joined together by interconnecting lifts and bus services to form ski regions. They then start to recognize the benefits of joint promotion and a common lift pass which allows a skier in one resort to use the lifts in all the other resorts in the area. At this point they can be said to become skiing metropolises.

These skiing metropolises attract skiers who are bored with going up and down the same mountain side and seek the variety of unfamiliar runs and fresh mountain tops. In the same way that large towns attract more visiting shoppers than small ones so resorts gain visitors if they join together to form ski regions or metropolises.

Some of these ski regions are international, not in the sense that they are smart, but because they lie across national boundaries. The mountains which used to form a country's natural frontier now provide the slopes which enable skiers to visit resorts across the border. In some cases the mountains are so high that the resorts on either side can hardly be described as forming a common ski region, even though they are connected by lifts.

For example, it is possible to take the Mont Blanc cable car from La Palud near Courmayeur in Italy and ski down through the Vallée Blanche to Champonix in France. No doubt this is an exciting run but it means rising to a height of 3,500 metres so it will tend to be a special outing rather than an everyday trip. It is surprising, therefore, that the two resorts do not share a common ski pass, so visitors from across the border have to buy tickets for the return cable car.

The Italian-Swiss frontier

average of six metres

It would be useful if other resorts published this statistic together with peak hour coefficients showing the time it would take for the lifts to clear a resort if, as always seems to be the case, on a sunny February morning, everyone wants to leave at once.

Besides these international ski areas based on mountain barriers, there are others which are based on hidden valleys lying between the natural geographical boundaries of two countries.

In Germany, for example, the Bavarian Allgäu contains Oberstdorf. This resort connects with the Kleinwalsertal, a valley which is politically in Austria but because it is separated from the rest of the country by mountains has had a customs union with Germany since 1891.

As a result, the inhabitants now use German marks to buy Austrian stamps. There is a common ski pass system for the whole area which contains 140 lifts and 25,000 beds and the crossing between Oberstdorf and Riezler over the Kanzelwand only involves taking lifts

to 2,000 metres. Besides this area, Germany also has a ski link with Austria through Reit im Winkl. There one can ski to Steiplatte, close to Weidring in the Austrian Tyrol, not far from Kitzbühel.

Another international ski area based upon a hidden valley is the Swiss-Austrian one between the duty-free zone of Samnaun in Switzerland, where in 1980 whisky cost about nine Swiss francs a bottle, and Ischgl in Austria.

Although by European standards Scotland's ski resorts are quite low, from 600 to 1,000 metres, so they provide hardy North Britons with the pleasure of sliding downhill in their own backyards. Two such areas are the Cairngorms, where the skiing centres on Aviemore, and Glenishe. Lifts also operate at weekends and other peak periods at Glencoe.

Besides giving skiers the pleasure of crossing frontiers, international ski areas show the advantages and difficulties of cooperation between different lift systems in an area in their most acute form.

The cost of operating a ski lift is largely independent of the number of skiers using it. Admittedly, if more skiers use

the lift it will need more energy to run but this cost is only a small proportion of the total. This is not too surprising when one considers that a skier who has been hauled up 500 metres has still only acquired enough potential energy to keep a 100 watt light bulb going for an hour.

The most important cost component in operating skiing facilities is labour, which typically accounts for between a quarter and a third of total income. Labour costs may vary slightly with intensity of use but the effect is small. Depreciation and interest charges, which may account for a fifth to a quarter of total income, are clearly fixed. Maintenance, rent, insurance, taxes and office costs account for the remainder of the cost budget.

As with any other transport system, therefore, this high percentage of fixed costs means that each additional skier or lift ticket sold largely represents additional profit. If more skiers visit a resort, even if they do not stay there, they bring the prospect of extra income to the shopkeepers and restaurants in the neighbourhood.

Since a ski resort attracts

more visitors the greater the number and variety of runs which can be reached from it, it can pay all resorts in an area to cooperate to provide interlinking lift services and a common ski pass. The snag is that they also have to be able to agree a basis for allocating the revenue from the sales of these passes.

Just as in the EEC, there tends to be more argument about the division of costs than there is within them so resorts in international ski regions may find it harder to agree to a basis for sharing revenue and administrative and promotional costs than do national ones.

The two factors which should determine the division of revenue are the number of skiers who start from each resort and the number of people using each set of lifts. The first can usually be approximated from the number of ski passes sold by each resort, but the second is harder to estimate.

These days some resorts use electronic devices which read each pass as the skier goes through the lift control but these can have the disadvan-

tage of slowing queues at peak hours. An alternative is simply to agree figures more arbitrarily using relative lift capacity, sample counts or numbers of tickets or coupons. Even when these two key factors have been determined, it is still necessary to decide how they should be used to allocate revenue between resorts.

In the case of international ski regions, the situation is even more complicated since exchange rates can vary during the season. Prices in the two currencies may be the same when they are set but if one currency depreciates relative to the other one gets the same types of problems as arise with EEC farm prices and with airline tickets as knowledgeable skiers start to cross the border to buy their passes in the lower-cost country.

The allocation system in Les Portes du Soleil is that each country keeps all the revenue from ski passes sold within it (within each country revenue is divided between resorts on the lines outlined earlier). This means that there can be a substantial effect on revenue if exchange rate fluctuations should produce a discrepancy between prices.

Last year, for example, it might have paid a skier staying in Morgins in Switzerland to take a 10-minute bus ride into Châtel to buy his lift pass. This year the price of a Portes du Soleil abondement for one week is 141 Swiss francs or 400 French francs so in early December it was possible to save 10 per cent on the cost by buying the pass in Switzerland.

In Samnaun/Ischgl, on the other hand, ski passes were 10 per cent cheaper in Austria than they were in Switzerland. No doubt it is difficulties such as this which have caused the Milky Way resorts to restrict the availability of the regional pass and leave it to the last minute before setting its price.

All these complications mean that skiers, as they whisk from country to country faster than Dr Kistner in the most frenetic of his negotiations, should spare a thought not only for the people who work so hard to run the lifts and maintain the pistes but also for the administrators who have to negotiate the agreements which make their international travels possible.

James Rothman



Austria: skiing begins at an early age for those who aspire to reach the heights. Scotland: hardy North Britons can slide downhill in their own backyards.



Gossip

Crocodile leading out of blind alley

On the contrary Ubu en Pologne

Père Ubu, Mère Ubu, Les Palotins, l'Armée Russe.

Père Ubu: Merdre!
Mère Ubu: Qu'as-tu, Père Ubu?
Père Ubu: De par ma chandelle verte, ces sagouins de Polonais veulent être maitres chez eux.

Mère Ubu: Voilà qui est ignoble!
Père Ubu: Voilà qui est bourgeois. Et le Parti!

Les Palotins: C'est un Parti pris...

Père Ubu: Par nous, ventrebleu!

Les Palotins: Mais, Père Ubu, ne vous paraît-il pas que les droits de l'homme...

Père Ubu: Des droits de l'homme je m'en fous et je m'en contrefous. D'ailleurs, de quel homme causez-vous, bouffresques?

Les Palotins: De l'homme de la rue, pardi.

Père Ubu: Il y sera massacré.

Les Palotins: Devant une telle horreur nous ne pouvons rester indifférents.

Père Ubu: Vous voulez donc passer par la casserole?

Les Palotins: Nous prendrons des mesures...

Père Ubu: Quais?

Les Palotins: Euh... exceptionnelles.

Mère Ubu: Attention, Père Ubu, ils vont vous tuer!

Père Ubu: A d'autres, madame. C'est une bande de foireux vantards.

Les Palotins: Noble sire, ne condamnez-vous pas vous-même toute ingérence dans la politique d'une nation étrangère?

Père Ubu: Merdre. Ils ne sont pas bêtes, ces bougres.

Les Palotins: Alors?

Père Ubu: Silence! La solution, je l'ai. Il faut foutre en l'air la Pologne.

Tous: Ah! Comment? Pourquoi?

Père Ubu: S'il n'y avait plus de Pologne, il n'y aurait plus de Polonais.

FIN

Pangloss

Management consulting:

A guide to the profession

Edited by Milan Kubr

This volume covers work methods, the behavioural aspects of change implementation, the design and control of consulting assignments, the organisation of consulting units, training programmes for consultants and ethical considerations. It ranges wide and broad... deals with the management of assignments, the conduct of assignments from surveys through to implementation, and then examines these ideas in the major functional areas...

(Management Decision, Bradford)

ISBN 92-101165-8 £11.25

INTERNATIONAL LABOUR OFFICE

88 Marsham Street, London SW1P 4LT, Tel. 01-423 6401

The Finances of Europe

By P. D. Strasser

Six hundred pages on the finances of Europe! This subject is destined to be very much in the news, since the Communities' budgetary

attracting more and more attention and controversy, so that Daniel Strasser's contribution is likely to become an essential work of reference.

As director-general far budgets at the Commission, the author has intimate first-hand knowledge of his subject. His treatise is divided into three

parts. The first deals with the Communities' budgetary stand-

ards and explains in detail how the budgets are drawn up, put into effect and monitored. The second analyses the Communities' various sources of finance (own resources, borrowings).

The third and longest part describes the Communities' financial operations: agricultural policy, regional, social and energy policies).

The Communities' non-recoverable expenditure has increased 190 times since 1953-54 (when the European Coal and Steel Community was established), 13 times since 1967 (when the Common Agricultural Policy was launched) and nearly three-and-a-half times since 1973 (when the membership was enlarged to nine).

"The Communities' public finances are one of the best mirrors on events in this little land-mass which is the European Community", Mr Strasser writes.

Reading through this book, one certainly finds that discussion of technical matters often yields place to policy, and indeed the financial picture reflects one of the most reliable reflections of policy.

Publishers: Fernand Nathan (Paris), Europa Union Verlag (Bonn), Le Moineur (Florence), Praeger (New York), Labor (Brussels).

P.D.

but must start a courageous debate on the institutional crisis running throughout the EEC. It must therefore nominate a working party to prepare a plan of the institutional reforms that are needed, and must then discuss and vote upon this plan in the form of a draft treaty designed to modify and be incorporated with the treaty at present in force.

Finally, as a last stage, the European assembly must formally propose its adoption, referring direct to the individual national parliaments in the Community. It is useless to look to the other Community institutions to advance this project, which would become bogged down. We must follow the example of the Philadelphia Convention during the American Revolution and look to the individual states and their citizens direct. With a flash of far-seeing inspiration, Signor Spinelli concludes: "The reform of the institutions is too serious a matter to be left in the hands of statesmen and diplomats."

Certainly, it is a revolutionary project, which would in practice make the Strasbourg Assembly "European constituent Parliament". For this reason it will come up against the resistance of the national governments, jealous of their prerogatives, and will arouse the mistrust of the Eurocrats in Brussels. It will reawaken the

hostility of the different political groups (from the Gaullists and French Communists, and certain fringes of the British Labour and Conservative parties, to Danish groups and other political forces) which smell trouble the minute they become aware of something approaching a supra-national ideal.

But Signor Spinelli, backed by a squad of Italian Euro-members of all political hues, is undaunted, and his motion has circulated among the members of Parliament of all countries gaining numerous supporters among the Germans, British, Belgians, French and Dutch.

Ranged behind them are the protective shadow of Herr Willy Brandt, and the friendly declaration of Mr Tindemans, the Belgian ex-premier, and Mr Notemboom, the Dutch Christian Democrat leader. And even Mme Simone Veil, President of the Assembly and, like almost all the French, lukewarm towards over-enthusiastic Europeans, has announced that if Signor Spinelli's resolution can gather a good number of signatures she will quickly put it on the agenda for Parliament.

Signor Spinelli is now going round knocking on doors to get supporters, but his crusade has hardly begun.

Paolo Patrucco



New Printing House Square, London, WC1X 8EZ. Telephone: 01-837 1234

THE RETURN OF ROY JENKINS

The return of Mr Roy Jenkins from Brussels is an event of importance for British politics, if not of such great importance as seemed likely a little while ago. He can certainly be expected to play an active part once again, but the precise nature of that part is less easy to determine. It cannot be within the Labour Party. Mr Jenkins has moved his position too far for that, and clearly has no intention of rejecting the logic of his own position.

It might be logical if he were to become a Liberal. There is no major issue of policy that separates him from the Liberal leadership—nothing so substantial indeed as separates the Liberal leadership from some of their own supporters. But it would not be practical politics to expect Mr Jenkins to throw in his hand with the Liberals at this stage, so long as there seems to be any chance of others joining him in a breakaway from the Labour Party.

Such a breakaway does now seem to be on the cards some time in the coming year. This may depend, and the timing will certainly be influenced, by the outcome of the special Labour conference on January 24. If this conference creates a new electoral college for choosing the party leader in which the parliamentary party is given only a minority vote, a number of right-wingers are much more likely to decide that Labour is no longer a party that can contain them and their principles. There would then be quite a strong chance of some Labour members defecting by the spring.

Some time ago it seemed that Mr Jenkins would be the leader around whom any defectors would rally. Indeed, his return was thought by some to be the event that would precipitate a defection. Neither assumption now looks convincing. It can be no means taken for granted that if Mrs Shirley Williams, Dr David Owen and/or Mr William Rodgers break away from Labour they will then look to Mr Jenkins as their leader. He is thought to have been too long away from active British politics and to lack the public appeal that would be necessary to galvanize supporters for a new party, especially a new party that would have to attract many erstwhile Labour voters.

The very reasons that deter senior Labour right-wingers from regarding Mr Jenkins as their natural leader these days naturally prevent other right-wingers from looking upon him as the lost leader whose return will make all things possible. He is quite simply not seen as the man to whom the British public are about to turn in a time of crisis. He may not be the King Arthur of this drama, but that is not to say he might not be one of the leading Knights of the Round Table—perhaps Sir Gawain.

If the significance of Mr Jenkins' return has been exaggerated in the recent past, it may be too easily underestimated today. It may be of consequence in two very different respects. In the first place it may affect the timing of any breakaway from Labour. Mr Jenkins may no longer be seen as the natural leader of the defectors, but they will be reluctant to see him set up a new party of his own before they act. The possibility that he may do so might therefore propel some of them to jump before they might otherwise have done.

Secondly, even if he does not lead a new party, whether of social democrats or of the centre, Mr Jenkins still has much to contribute to any party or group of which he is a member. There is a tendency in much political comment to assume that it is only party leaders who really matter. This is a facile confusion of prominence with influence—a mistake that may be expected in the television age, but a mistake nonetheless. Mr Jenkins is a politician of experience, intellect and accomplishment in foreign affairs, in economics—he was the best Chancellor of the post-war twenty-five years—and in those broad areas of social policy where he has for long been a notable exponent of liberal principles.

In all three areas—but especially in economics, where otherwise a weakness is all too evident—Mr Jenkins would bring weight to any political party between the Conservatives and Labour. That applies with equal force whether one is thinking of the Liberals, of social democrats, or even of some new comprehensive centre party. Mr Jenkins is not the ideal leader of a party in this middle ground, but a party is more likely to flourish there if he is playing a leading part in it.

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Humane rationale of civil defence

From Mr J. C. Harding and Mr A. B. Stinchcombe

Sir, What a mess the media, as a whole, have made of the "great debate" about home defence for which they called at the beginning of 1980. Perhaps the title is too broad and inviting. At all events little attention has been paid to the preparations being made, or proposed, to mitigate the effects of future war on our society and nation. This is what we professionals know as home defence and is the issue we hoped would be brought before the public in all its humanitarian aspects in 1980.

Instead the CND, together with an extraordinary collection of bedfellows, have been encouraged to conduct another well orchestrated campaign which, to date, has done nothing to help the bulk of the public the humane *raison d'être* for home defence.

One can only conclude that intellectual arrogance has prompted many well known people to imply that unless one subscribes to the doctrine of unilateral disarmament, one is a minimalist. Our members, together with the millions who support them, unheeded and unswayed, will argue that we are the true adherents of humanitarianism, most of whom would subscribe to verifiable universal disarmament. However, we believe that the doctrine of unilateral disarmament and destruction no longer exist it would be a gross neglect of all humanitarian principles not to prepare to help survivors of the holocaust to go on surviving.

No one pretends any longer that nuclear war will not destroy society as we know it. Hiroshima and Nagasaki are today living proof that people can and will survive the horror of nuclear attack, although Jonathan Dimbleby did not choose to make this point in his recent television programme. There is ample scientific evidence that, even though millions of people would die in a large-scale nuclear

war, millions would also survive and the number of survivors would be significantly greater if proper preparations are made.

This does not constitute an apology for nuclear war, which all sane people must abhor, but it does recognize the human will to survive and the duty of all human beings to help others to survive, as they have in the past, the follies of war. It is surely significant that the two neutral nations, Sweden and Switzerland, recognize this need for high quality home defence preparations.

What right has anyone to deny us the opportunity to choose between life and death after a nuclear holocaust, because this in effect is what will happen if no adequate home defence preparations are made.

Though proper home defence preparations would pay their biggest dividends in terms of lives saved in a large-scale nuclear war, they would also reduce, as they did in World War II, the number of casualties in any conventional war. Every one must surely hope and pray that no war will occur, but perhaps conventional war is more likely than the ultimate disaster of nuclear war and we must be prepared to protect as many people as is practicable whatever emergency arises.

Let politicians, strategists, the military and those with more obscure motives argue about deterrence and the philosophy of war. We appeal to the media to address themselves responsibly and logically to home defence in 1981 so that the benefits of a balanced debate on this vitally important subject.

Yours faithfully,
J. C. HARDING, Chairman, Association of Civil Defence and Emergency Planning Officers, A. B. STINCHCOMBE, President, County Emergency Planning Officers' Society, 16 Compass Rise, Compass Court, Taunton, Somerset.

Breakfast television and truancy

From Mr Maurice Smith

Sir, I should like, from the standpoint of the youth service, to reinforce the anxieties about breakfast television expressed on January 3 by Mr Philip Payne. He wrote of those attending school. Not all do.

The 1980 secondary school attendance survey in Lambeth yielded an overall non-attendance figure (all causes) of 15.8 per cent. The same survey recorded a marked decline in attendance in the fourth and fifth years. Lambeth youth workers regard these figures as at least conservative. They encounter by day on the streets and in the housing estates many young people who should be at school.

At the same time social workers, youth workers, careers office staff, and a clutch of training agencies largely funded by the MSC (Manpower Services Commission) are struggling in a variety of situations to encourage the growing army of young unemployed, many of whom have attended nowhere regularly since perhaps they were 14, to take up remedial education, some form of elementary skill training or a (rarely available) work experience scheme.

As the employment situation worsens there is growing discontent among youth workers about the gap between school experience and workplace demand. Employers need staff who are regular and punctual. These basic qualities are not inherent in many young people, especially from broken or single-parent homes. The post-school struggle is to build these young people up bit by bit to the stage where they can make their own self-reliant decisions. It is hard going.

A good many truant and young unemployed take refuge in fantasy worlds such as continuous viewing and/or the exclusive company of their own age group where frustration may lead to anti-social practices. Now to all the weaknesses of the flesh that weigh against prompt or any departure for school, training or work we choose to add the attractions of innovative breakfast television.

No doubt the whole community should not be denied its entertainment for the sake of a disadvantaged minority. But we greatly need to restore ourselves as a society some confidence in our capacity to move forward, to cope with our problems, to heal our self-inflicted wounds; and there is little recent evidence from both economic and social indicators of our capacity to achieve this. A further extension of easy entertainment, and this at a key period of the day, may well, for many, hesitant young people, prove a major barrier to progress in the tasks that society needs them to be competent and willing to shoulder.

The Government has concluded that we cannot maintain the present level of our educational and social services. So we witness, from another attractive bypath meadow from the apparent tedium of application to learning and work, while reducing the resources that help them to grow to maturity.

Yours faithfully,
ANTHONY MORRIS,
6 Goodwin's Court,
St Martin's Lane, WC2.

Commercial breakfast television may cost the public nothing. But can we afford it? Yours faithfully, MAURICE SMITH, Chairman, Knights' Association of Christian Youth Clubs, 52 Woodfield Road, SW19, January 3.

From Mr Simon Lagie
Sir, In answer to Mr Harry Mitchell (December 31) I would think that breakfast television is extremely relevant to the needs of a nation containing over two million people who, as a result of an economic policy which I find difficult to understand, have no work to go to after breakfast. Yours faithfully, SIMON LAGIE, WINSON, Cirencester, Gloucestershire, December 31.

From Mrs J. H. Leigh
Sir, In today's letters (January 2) Mr Patrick Stobart has totally failed to realize that in the United States, the time of breakfast television, everyone, executives included, starts work at either 7.30 or 8 a.m. Yours faithfully, MARGARET R. LEIGH, The Old Rectory, Tixall, Stafford, January 2.

Regional v national

From Mr Anthony Morris
Sir, Lady Plowden's departure from the IBA (Independent Broadcasting Authority) should not pass without some comment on the anomalous system which she, like her IBA administration have bestowed upon British television audiences.

During an era when de-regulation in the United States, allied to technology, will inevitably lead to diversity and new opportunities for luxury production, we in Britain are stuck with a mainstream independent television channel committed to the expenditure of vast sums in an expanded commitment to regionalism.

Channel 4, our new national channel, will, it would appear, be primarily concerned with the transmission of programmes on a national basis, which are designed for significant minority audiences.

To what extent, one must ask, will the diversion of huge sums of money in search of regionalism and specialist-interest programmes affect the regular flow of large-scale productions which are arguably of first importance to British audiences and which have earned for British television a reputation which is envied throughout the world?

I know that many people in the television industry feel as I do that some reassurance should be given by the IBA on this issue. Yours faithfully, ANTHONY MORRIS, 6 Goodwin's Court, St Martin's Lane, WC2.

THE RED BRIGADES TERROR IN ITALY

The decision of the Italian government to reject the demands made by the terrorists of the Red Brigades was, regrettably, the only possible one. In announcing that they had sentenced Signor Giovanni d'Urso, the kidnapped judge, to death, but that they might suspend the sentence if the government allowed members of the Red Brigades now in prison to have their views broadcast, the terrorists were making a blatant challenge to the authority of the state.

It was not, of course, their first one. An earlier demand, accompanied by the same threat, for the closing of the high-security prison on the island of Asinara, had been acquiesced in by the government—and was understandably criticized by the Communists and some of the government's supporters. This time, in spite of the possibility that the Red Brigades will carry out their threat to kill Signor d'Urso, the government had to stand firm; and its decision has been supported by the three largest parties, the Christian Democrats, the Socialists and the Communists.

It is clear, in fact, that in spite of hopes last year that terrorism was being brought under control, the Red Brigades, at least, are still alive and active. The anti-terrorist drive has hit the other leftist movements hard, and has caused some setbacks to the Red Brigades themselves, particularly in the big northern cities. But they still have a base in Rome, and appear now to be mounting a counter-offensive to show that they are far from finished. There has been the kidnapping of Signor d'Urso, the prison revolt at Trapi, apparently involving some connivance between Red Brigades members inside and outside the prison, and most spectacular of all, the assassination on New Year's Eve of General Enrico Galvagni, the man in charge of prison security.

There has also been a coup of sorts in the publication by L'Espresso of an interview with the Red Brigades—pages and pages in which an account is given of the interrogation of Signor d'Urso and the leaders of the movement outline their views. The interview adds little to what is known of the Red Brigades, and its cold-blooded justification of its tactics, including the murder in 1978 of Aldo Moro, exposes the sterility of its thinking. But it does serve to give the Red Brigades a certain respectability, and has been widely criticized in the rest of the Italian press.

In spite of their half-baked talk of "proletarian" principles and of "people's courts", the Red Brigades are looking more and more like a purely criminal enterprise. They apparently have their roots in the disturbed state of Italian society—the gap between rich and poor, the rapid changes since the Second World War, and the suffocating effect of an archaic administration. But their objectives are essentially destructive and they have not been above recruiting convicted criminals to their ranks. The threat to Italian society is plain. So far, it has been met with some success, even if the progress made last year was exaggerated; the advance of terrorism was at least delayed. In the face of this new upsurge, the government has to stand firm against the outrageous demands being made.

that radio and television are now the mouthpieces of Mr Mugabe's Zanu (PF) party, and that his own Patriotic Front is deprived of access to it. He deduces that behind Dr Shumayirira's whitewash the same is going to happen to the newspapers for example that the *Bulawayo Chronicle*, the leading daily of Matabeleland, will be a Mugabe not an Nkomo paper. If he cannot prevent that happening by dealing with Dr Shumayirira's editors inside cabinet, then he too will only be able to test Dr Shumayirira's pledge by starting up a Ndebele paper of his own in opposition.

It is clear, in fact, that in spite of hopes last year that terrorism was being brought under control, the Red Brigades, at least, are still alive and active. The anti-terrorist drive has hit the other leftist movements hard, and has caused some setbacks to the Red Brigades themselves, particularly in the big northern cities. But they still have a base in Rome, and appear now to be mounting a counter-offensive to show that they are far from finished. There has been the kidnapping of Signor d'Urso, the prison revolt at Trapi, apparently involving some connivance between Red Brigades members inside and outside the prison, and most spectacular of all, the assassination on New Year's Eve of General Enrico Galvagni, the man in charge of prison security.

There has also been a coup of sorts in the publication by L'Espresso of an interview with the Red Brigades—pages and pages in which an account is given of the interrogation of Signor d'Urso and the leaders of the movement outline their views. The interview adds little to what is known of the Red Brigades, and its cold-blooded justification of its tactics, including the murder in 1978 of Aldo Moro, exposes the sterility of its thinking. But it does serve to give the Red Brigades a certain respectability, and has been widely criticized in the rest of the Italian press.

In spite of their half-baked talk of "proletarian" principles and of "people's courts", the Red Brigades are looking more and more like a purely criminal enterprise. They apparently have their roots in the disturbed state of Italian society—the gap between rich and poor, the rapid changes since the Second World War, and the suffocating effect of an archaic administration. But their objectives are essentially destructive and they have not been above recruiting convicted criminals to their ranks. The threat to Italian society is plain. So far, it has been met with some success, even if the progress made last year was exaggerated; the advance of terrorism was at least delayed. In the face of this new upsurge, the government has to stand firm against the outrageous demands being made.

that radio and television are now the mouthpieces of Mr Mugabe's Zanu (PF) party, and that his own Patriotic Front is deprived of access to it. He deduces that behind Dr Shumayirira's whitewash the same is going to happen to the newspapers for example that the *Bulawayo Chronicle*, the leading daily of Matabeleland, will be a Mugabe not an Nkomo paper. If he cannot prevent that happening by dealing with Dr Shumayirira's editors inside cabinet, then he too will only be able to test Dr Shumayirira's pledge by starting up a Ndebele paper of his own in opposition.

Yet within the ambit of the stated policy of reorienting the Argus papers towards black interests, needs and aspirations, Dr Shumayirira could leave the new black editors free to criticize government policies and personalities. If he does they will probably seize that freedom as they have in brief liberal interludes in other black states. That would test the Mugabe government's commitment to freedom of the press. Few African governments have long tolerated press freedom after taking control of newspapers or media inherited from the colonial past.

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Yours faithfully,
LEONARD SCHAPIRO,
11 Lampard House,
Maida Avenue, W2,
December 28.

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Giving industry a chance

From the Chairman of the Nationalised Industries' Chairman's Group

Sir, I would like to support what Mr Kenneth Leighton MP has written (December 31) about giving industry a chance, and to emphasize his reference to the role that can be played by public-sector capital projects and purchasing programmes.

This is of particular significance in the case of the publicly owned enterprises, whose capital investment programmes are very substantial. In present circumstances, due to poor trading conditions and the need to keep within external borrowing limits, both are having to be cut back. This is bound to have a serious impact on the rest of British industry, especially in the hard-pressed engineering and construction sectors.

Let me illustrate this by reference to purchasing. The aggregate purchasing bill of 15 of the leading nationalised industries in 1978 was approximately £6,000m. Due to the policy pursued by these enterprises of positively stimulating British suppliers to quote competitively for this business, more than 95 per cent of it is placed in the country, providing massive opportunities for industrial development and employment. But the very success of the policy of concentrating purchases in Britain means that in periods of severe cut-back, as at present, the bulk of the contraction must inevitably fall here.

There are also important export implications. Through the positive purchasing policy (with public purchasers and private suppliers working closely together in research and development), new export possibilities have been opened up. In the case of coal, for example, mining machinery sold abroad brings in nearly £200m annually, and growth prospects are good as the world turns more and more to coal as a basic fuel to replace oil. But this export effort depends on a firm and continuing home market. A major contraction at home is bound to weaken the export capability.

Similar problems apply in the case of capital expenditure. The vast bulk of the projects put in hand by the public enterprises are placed with construction and engineering firms located here. In this instance also the regular flow of business at home is crucial to the ability to compete with increased experience for major projects abroad, often in conjunction with particular public enterprises.

What emerges from this is the major part that purchasing and capital expenditure programmes in the public enterprises have in determining the level of operations of a very wide range of private sector concerns. The interdependence of the two has become increasingly marked in recent years through the application of positive purchasing policy.

I believe that one of the most effective ways of reactivating British industry in 1981 would be to enable the public enterprises to increase their levels of purchasing and investment. So we offer young people to be justified for longer term growth.

Yours faithfully,
DEREK EZRA,
Nationalised Industries' Chairman's Group,
PO Box 403,
33 Grosvenor Place, SW1,
January 5.

Counting the cost

From Bishop J. A. Ramsbotham

Sir, The Times today (December 18) reports that Mrs Thatcher's US monetarist adviser, Professor A. W. Walters, was surprised and indignant at being asked about his income, and according to Mr Frank Vogl (Washington) he considers that there should be no fuss about what is proposed as his salary of £50,000 p.a.

Writing as I do from Northumbria, where in an earlier period of history there was a close association between the royal government and those who had the cure of souls, I would venture to say that what Mrs Thatcher really needs is a (preferably) British adviser on human relationships. The recent letter expressing concern about

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unemployment, which was addressed to the Prime Minister by the clergy and ministers of Consett, may have made some sense, and it could suggest that the Anglican or Roman, or a Moderator of one of the Free Churches, could be taken on as such an adviser at a rather cheaper rate than the professor.

Those of us who have known this part of the country since before the 1914-18 war, and in any case the West Riding of Yorkshire for eight years in the sixties as well, are not likely to be surprised if some indignation is shown by some of the less fortunate members of the so-called work force up in these parts over this latest appointment.

Yours faithfully,
JOHN A. RAMSBOTHAM,
13 Hextol Terrace,
Hexham, Northumberland.

undoubted advantages of integration in the uphill struggle to normalize life here.

In any attempt to convince Northern Ireland's politicians and the Westminster Government of this, two problems must be resolved: the party's self-interest as politicians, and the fact of whom said in the fall of Stormont not a possible means of ending community strife but rather an inglorious end to their costly and lucrative political careers, feeding off the fat of the divisions in our society, divisions which it was in their interest to encourage; and secondly the continuing lack of political and moral will on the part of the Westminster Government.

Yours sincerely,
STEWART MOORE,
5 Mark Street,
Portsmouth,
County Antrim, Northern Ireland.

Police press passes

From Mr Jacob Ecclestone

Sir, Having been assigned by The Times on Sunday to cover a demonstration protesting against the Russian occupation of Afghanistan, I spent several hours listening to speech after speech from the Hyde Park to Holland Park and talking with the organizers.

When they delivered a letter to the Russian Embassy, other reporters, photographers and I were prevented by the police from entering the demonstration grounds in Kensington Palace Gardens. We were asked to produce press cards, which we did, showing our NUJ (National Union of Journalists) membership cards which have been standard identification for almost three-quarters of a century. The card is recognized by the Association of Chief Police Officers of England and Wales. We were then told that since we did not have Metropolitan Police press cards—issued by the police themselves—we would not be admitted.

When journalists in South Africa and eastern Europe are harassed and prevented from doing their job by the police we protest because we believe, or say we believe, in press freedom.

Now, we have the police in London and other metropolitan centres (for the practice is growing) deciding who is and who is not a bona fide journalist and who shall and who shall not be allowed to report certain events.

As far as I am aware Parliament has not sanctioned such discrimination which, I am sure you will agree, is a dangerously short step away from determining who can publish at all.

If journalists in Britain are to be licensed—and a pass issued by the authorities to those they consider trustworthy clearly is a licence—then we should be circumspect when protesting about the behaviour of others. Parliament too should have the courage to say openly whether or not it approves of this ominous extension of state power.

Yours, etc,
JACOB ECCLESTONE,
The Times,
Gray's Inn Road, WC1,
January 5.

D'Oyly Carte crisis

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THE TIMES

BUSINESS NEWS

Keep down the cost of industrial building

AVICOST

Consultants Ltd
22 Oldfield Street, London W1K 3DA Tel: 01-493 0800

THE SCOTCH OF A LIFETIME

The Buchanan Blend

Stock markets

FT Ind 472.9, down 2.4
FT GITS 68.83, up 0.06

Sterling

\$ 2.4115, up 3 cents
Index 78.8, up 0.2

Dollar

Index 85.3, down 1.2
DM 1.9375, down 385 pts

Gold

\$599.1, up \$10

Money

3-mth sterling 141-148
3-mth Euro \$ 161-17
6-mth Euro \$ 151-154

IN BRIEF

Changes in structure at Samuel Montagu

Samuel Montagu, the merchant bank controlled by Midland Bank, is being reorganised to reflect its hopes for a more active role in international markets.

Mr David Potter is being brought in from Credit Suisse First Boston to head up a new international capital markets division.

Mr Staffan Gadd, the chief executive appointed two months ago, said that the new structure would enable the bank to compete even more successfully both domestically and internationally and was an essential element in the planned growth of Samuel Montagu.

Financial Editor, page 17

Grattan warning

Grattan Warehouses, the mail order group which has about a tenth of the market, has warned shareholders of a big final dividend cut after poor autumn and winter sales. The group will follow Empire Stores in changing the way it accounts for VAT after an instruction from the Accounting Standards Committee.

Financial Editor, page 17

Engineering group

Four engineering companies have formed a consortium to supply plant and machinery to the wire and cable industry. They are Babcock Wire Equipment, Francis Shaw, McCorkquodale Engineering and Northampton Machinery.

Beer output slumps

Beer production in November plunged by 12.6 per cent on an annual comparison, reflecting the retail trade's conservative stocking for the Christmas period.

Chemicals peace move

Chemical industry employers and unions will meet on January 15 in an attempt to resolve a dispute over working hours, which has brought the threat of industrial action. The unions have accused the companies of failing to honour a 1980 agreement under which hours were to have been cut this year.

Shares suspended

Shares were suspended yesterday at 3p in CIC Investment Holdings after the announcement that discussions were taking place which may lead to an offer. The NEB has 93 per cent of the equity in CIC.

Small businesses plea

Sweeping taxation changes to encourage investment in small companies and a government-backed guaranteed loan scheme are recommended in a letter from Mr Richard Smith, chairman of the Consultative Committee of Accountancy Bodies, to the Department of Industry.

Record shipping loss

Shipping losses as a result of accidents in 1979 were the highest in peacetime and last year appears to have been no better and possibly worse, according to Lloyd's of London. However, Lloyd's has not completed tabulating last year's losses. The maritime insurance organization reported that 2.21 million gross registered tons were lost in 1979, 500,000 tons more than in 1978.

Ministers heading for clash with industrialists on energy pricing

By Peter Hill

Industrial Editor

Ministers and senior industrialists are set for a clash over energy costs at tomorrow's meeting of the National Economic Development Council.

At the centre of the dispute will be a memorandum submitted by the Department of Energy. Copies of the restricted document being circulated last night have angered industrialists which have been campaigning for the Government to take action to reduce industry's fuel bill, and put British prices more in line with those being paid by European competitors.

Chemicals, iron and steel, paper and board, poteries and other industries have all made detailed representations to the Government over the past 12 months.

Energy ministers including Mr David Howell, Secretary of State and Mr Norman Lamont, his ministerial colleague, have consistently fended off the allegations, and the claims that industry is paying disproportionately high prices for heavy fuel oil, gas and electricity.

The Confederation of British Industry sought to reconcile the difficulties and comparisons in its own study, but this received scathing criticism from the Commons select committee on energy last month. MPs claimed that it was confused, contradictory and avoided the problem.

Studies undertaken by the National Economic Development Office, which will be revealed to tomorrow's NEDC meeting, will show that large industrial consumers are paying higher prices than their European counterparts. The council will be asked to recommend an urgent review of pricing policies.

Although the NEDC paper will be seen as influential backing for the claims made by the CBI and individual industries, the dismissive tenor of the energy department's document is likely to fuel further controversy, among those large industries which believe that the Government's present pricing policies are placing them at a considerable competitive disadvantage.

The energy department's document says that three broad conclusions have emerged from the work done so far. "Most parts of British industry are not generally disadvantaged on fuel prices compared with their European competitors; there needs to be greater progress towards economic energy pricing in North America; and certain of our more energy intensive industries face particular problems which go wider than energy costs," the document says.

The document suggests that to price indigenous energy resources at below the long-run replacement cost would only provide temporary relief and suggests that the United Kingdom cannot be insulated from the wider developments in world energy. Such action would also encourage wasteful use of energy and lead to unsustainable patterns of consumption.

In its paper to the NEDC, the energy department criticizes the presentation of facts collated by industry over price



Mr Norman Lamont, Under-Secretary of State at the Department of Energy, fending off claims that industry is paying disproportionately high prices for heavy fuel oil, gas and electricity.

differences and said that several difficulties made in the various studies had still not properly been resolved.

Among the criticisms which the paper made were the difficulty of comparing like with like; the range of prices in force in different countries and different periods; and the care needed in dealing with exchange rates in price comparisons at a time of rapid fluctuations.

Although the energy department is willing to pursue firm evidence of distortions, the document emphasizes it is not satisfied that sufficient firm evidence has so far been produced.

"Industry and Government must work closely to identify difficulties and to assess whether they do really turn on energy prices or on some deeper cause," the department says.

It continues: "Energy-intensive industries which believe that they can identify clear cases of price distortions in the EEC should work with the fuel supply industries to produce hard evidence so that the Government can act swiftly."

The department's response will clearly anger heavily energy-intensive industries like chemical and iron and steel which have each made detailed representations.

Last month the iron and steel industry sector, working party of NEDC published the results of an independent study into comparative energy costs between British steel industry and its major European competitors.

That study concluded that the British industry was being harmed at a "significant disadvantage" and in a letter to Mr Howell, the private sector steel-makers called for a clear statement of the reasons for the refusal to act if the Government was still unwilling to make changes.

Dollar falls steeply as interest rates ease

By Frances Williams

A further easing in short term dollar interest rates led to a steep fall in the dollar on active foreign exchange markets yesterday, but gave a sharp boost to United States share and bond prices.

The pound's exchange rate against the dollar climbed three cents to \$2.4115, its highest level since mid-November, despite Bank of England intervention during the day.

Even larger gains against the dollar were shown by the yen and Continental currencies including the Deutschmark, French franc and Dutch guilder.

Morgan Guaranty led the latest drop in United States prime rates—the rates at which the banks are prepared to lend to their best corporate customers—by cutting its rate from 21.5 per cent to 20 per cent.

This is lower than the 20.5 per cent to which several large American banks reduced prime rates last week.

The Dow Jones industrial average closed 19.88 points higher at 992.66 in a market strongly influenced by the cuts in prime rates and reduction in money supply.

News that the United States money supply fell sharply in the latest week encouraged speculation that interest rates will continue to decline. But analysts do not expect rates to fall as far or as fast as they did last spring when prime rates plummeted from 20 to below 11 per cent during the second quarter of 1980.

They expect that rates will remain volatile, in view of the Federal Reserve Board's continuing commitment to a tight money policy and uncertainty about the economic strategy to be pursued by the incoming Reagan administration.

The narrow definition of the American money supply—M1A—fell \$2,500m (£1,046m)

in the week ended December 24, on a seasonally adjusted basis, while the broader definition, M1B, fell by \$2,800m.

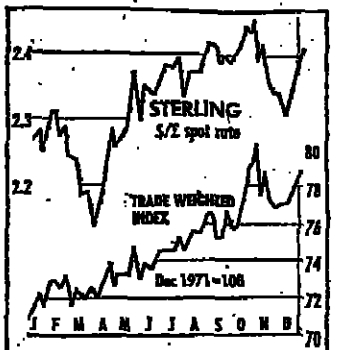
The good money supply figures were largely discounted by the foreign exchange markets in advance of publication, and the fall in interest rates was the main factor behind the dollar's fall.

Eurodollar deposit rates weakened throughout the day. Three-month Eurodollars closed at \$16.75, down from \$17.875 on Friday.

The weaker dollar and lower United States interest rates gave a boost to gold in futures trading yesterday. It closed at \$599.1, up \$10 from Friday's close.

Figures published by the Treasury yesterday suggest that the Bank of England refrained from significant intervention in the foreign exchange markets last month.

The United Kingdom's gold and foreign currency reserves fell by \$713m in December, to



STERLING \$/£ spot rate

stood at \$27,476m (£11,487m) at the end of the month.

But after allowing for net overseas borrowing by nationalised industries under the exchange cover scheme and repayment of official debt, there was a modest underlying increase in the reserves of \$38m.

The official debt repayments comprised \$124m on long term loans from the United States

and Canada, and the final instalment of \$250m of the \$1,500m Euroloan raised by Britain in 1977. This loan has been repaid ahead of schedule.

Additional public sector borrowing under the exchange cover scheme totalled \$70m, but this was heavily outweighed by repayments of \$447m.

The underlying change in United Kingdom reserves has been positive in every month of 1980, with an accumulated inflow of \$2,673m over the year. But it seems clear that the Bank of England has maintained its policy of intervening in foreign exchange markets simply to smooth currency fluctuations.

The inflow of funds into the reserves has been used very largely to pay foreign debts ahead of schedule.

In 1980, repayments totalled \$4,300m, of which \$2,400m were made ahead of schedule. Repayments net of new borrowing amounted to \$3,000m in the year.

EEC asks Belgium to justify steel aid

From Peter Norman

Brussels, Jan 5

The European Commission has given the Belgian Government until January 19 to justify certain state aids it is granting to the country's steel industry, particularly in the depressed southern part of Belgium.

A spokesman for the Commission has confirmed that it writes to Mr Willy Claes, the Belgian economic minister, last month in an attempt to obtain clarification of a number of aids that it thinks might contravene the free competition rules of the Treaty of Rome.

Although the Commission said earlier today that it had not yet heard from the Belgian Government, Mr Claes was reported on an evening edition of the Brussels newspaper *Le Soir* as saying that he would meet Viscount Etienne Davignon, the Industry Commissioner, to discuss the issue later today.

The Commission's action, which became known through a leak to a Brussels newspaper over the weekend, is of more than local interest.

Although Mr Claes has described the issue as a "storm in a teacup," the EEC authorities have been gearing up for a campaign against state aids for some time, and in the case of the steel industry have been standing on firm legal ground since December 1979, when the industry ministers of the EEC agreed on a Community-wide code for controlling state aids to the steel industry.

It appears that the Commission suspects that the Belgian aid measures could lead to an increase in productive capacity rather than a reduction through rationalisation. It also fears that the aid plan could require further subsidies in the future without restoring competitiveness.

However, Commission officials were today anxious to dispel any impression that their letter to the Brussels Government was anything out of the ordinary.

A spokesman said that the Commission sent around 150 such letters every year, and it was certainly not cutting off state aids to the Belgian steel industry at this point.

Dalgety pays £13m for rest of Spillers

By Michael Prest

Dalgety, the international food and agricultural products and services group, which in 1979 took control of Spillers, is to pay £13m for the remaining 24.9 per cent of Spillers French, owned by The Co-operative Wholesale Society and J. Lyons.

The deal, agreed by all parties, marks a decisive step in the amalgamation of Dalgety's and Spillers' operations since the hard-fought takeover in the autumn of 1979.

Lyons and CWS control the Spillers minority, of which Dalgety has an option to buy more than half justly through J. W. French, whose only assets are the Spillers French shares and loans to shareholders. The CWS holds 15.2 per cent of the shares and Lyons 9.69 per cent.

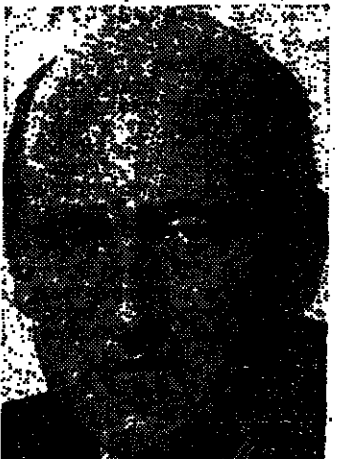
As the first step in financing

the purchase, Dalgety yesterday raised £9.94m by placing 3.75 million shares in the market. The placing, handled by stockbrokers Rowe & Pitman and Cazenove at just over 265p a share, was with a wide range of institutions.

The rest of the purchase price of the J. W. French holding will be made up of £400,000 cash, making £10.3m for the shares, and a further £2.8m for loans from J. W. French to CWS and Lyons, which will now be repaid.

Spillers French is involved in animal feedstuffs, agricultural machinery operations, milling, and feed cake. Mr David Dome, chairman of Dalgety, said that control of these areas was important to the rationalisation of Dalgety's and Spillers' business.

Sir Alex Alexander, chairman of Lyons, said that it was not



Mr David Dome: important part of rationalization.

Lyons' policy to hold a minority interest of that kind. He added that consideration had been given to selling the stake before Dalgety took Spillers over, and that the initiative for the sale to Dalgety had come from J. W. French.

Pledge by Chancellor on training policy

By Bill Johnstone

The Government has confirmed that it still plans to transfer the cost of running the industrial training boards to industry by the end of the financial year 1981/82, but is prepared to give careful consideration to the timing of these changes.

This confirmation came in a letter from Sir Jeffrey Rowe, the Chancellor, to Mr Anthony Frodsham, director-general of the Engineering Employers Federation.

In his letter Mr Frodsham had criticised the Government's intention of transferring the cost of administering the industrial training boards to industry. "During the painful recession it is simply not possible for employers to take on this burden. Nor can they sustain the cost of training enough apprentices to provide adequately for skilled needs when recovery comes."

The Chancellor, however, in his reply said that the Government was keen to ensure that the burden of adjustment does not fall too heavily on industry.

Sir Geoffrey continued: "I agree that improvements in the field of industrial training are

long overdue. In recent years a shortage of skilled labour has been a recurring constraint on expansion and new employment has begun to expand.

"Changes in technology and the pattern of world trade continue to alter the mix of skills that our economy requires, so that the need for appropriate training and retraining has, if anything, increased."

The Chancellor and Mr Frodsham agreed that it would be a tragedy if recovery and any long term growth were impaired by shortages of skilled labour.

Mr Frodsham said: "This Government entered office pledged to create a climate in which manufacturing industry could thrive. Significant steps have been taken to reduce the pressures the recession is now imposing. But it is, I think, timely to urge you to keep this pledge."

He was in no doubt that "there may never be a more favourable moment for a radical shift in traditional attitudes on training."

Mr Frodsham said it could pass unless more public funds for the first year off the job apprenticeship training can be provided to stimulate employers

Ward White rules out bid for K Shoes

By Margereta Pagano

Shoemaker Ward White said yesterday it would not challenge the privately-owned C. J. Clark group, which has made an agreed £22.4m cash bid for K Shoes.

Ward White acquired its 15 per cent stake in a "dawn raid" in October and opened talks about the possibility of making a full bid. Mr Simon Hille, deputy managing director, said Ward White would not comment on whether his company would accept K Shoes' offer in respect of the shares it owns in K Shoes.

Last month Clark made its bid of 95p cash a share for K Shoes in response to Ward's "dawn raid." Clark, which has a long-standing 34.3 per cent stake, moved in swiftly with an offer which valued the company at £22.4m. Mr Spencer Crookenden, K Shoes' chairman, said at the time that the bid was "fairly behind" in accepting Clark's offer, but Ward said it was considering a bid of its own.

If Ward now accepts, it stands to make more than a £1m profit from shares it bought at about 60p a share.

Shares in K Shoes, which rose to 103p in the takeover news in December, dropped 3p to 93p on the announcement.

If Clark's offer goes through it will finance the takeover with bank borrowings. With net assets of £54m, sales last year of £28m and profits of £18m, Clark claims about 7 per cent of the United Kingdom retail shoe market through its 550 shops compared with K Shoes' 2 per cent. Together they control about 10 per cent of the market.

The company has experienced a major drop in sales in the last year of its 198 model which costs £34,500, but the market for the new £50,000 Lagonda has remained buoyant.

The company said that, of the 60 Lagondas sold, 55 had gone to the home market and it was hoped to begin exporting to the United States early next year.

Fascination of luxury cars, page 17

British companies take joint control of Aston Martin

By Edward Townsend

Two British companies, C. H. Industrials and Pace Petroleum, have taken over joint control of the Aston Martin car company, which is a public company whose manufacturing interests include cars and building products, to be non-executive joint chairman.

C.H.I. said in a statement yesterday that the net cost to itself of the deal was about £186,000. Payments would be made on a deferred basis over five years beginning in January 1982.

Aston, which is based at Newport Pagnell in Buckinghamshire, employs about 350

workers and currently is producing about four cars a week. Six months ago the work force was cut by about 100.

Mr Gauntlett said yesterday that the company was at present not making a profit, and during the next three months he and Mr Healey would be taking a long hard look at the business.

He added: "While we are fully aware of the continuing problems facing specialist car builders, both Mr Healey and myself believe in the future of Aston Martin. We recognize that the company presents an exciting challenge and opportunity."

C.H.I. and Pace had a combined turnover in excess of £60m, were "not assessed" as being financial risks and were prepared to arrange the "right finance" for Aston through the 1980s.

Mr Curtis and Mr Sprague resigned Aston Martin's financial collapse in 1975, and earlier this year began to look for new investors to enable the company to develop.

Mr Curtis said yesterday that he was "delighted" with the new deal and was "totally confident that Aston Martin will survive."

"We are not rich men and we ran the company on a shoe

string. But to stay in business through the 1980s and 1990s we need a more professional approach." Under the new owners, he believed Aston Martin would enter an era as exciting as any in its past.

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Fascination of luxury cars, page 17

PRICE CHANGES

Rises

Avon Rubber 8p to 89p
Husky Oil 10p to 180p
Husky Oil 65p to 280p
Initial Services 8p to 214p
Jardine Mison 6p to 215p

Falls

BP 6p to 412p
Caltex 6p to 125p
De La Rue 10p to 785p
Gleaves (W88) 5p to 50p
Grattan (150) 4p to 60p

Kwik Save Disc

M&G Group 10p to 278p
M&G Group 10p to 545p
M&G Group 8p to 289p
Wholesale Fins 17p to 250p

Lasco

ML Meyer 12p to 227p
Royal 6p to 79p
Shell Trans 10p to 458p
Sun Alliance 10p to 699p

THE POUND

Bank 2.09
Australia \$ 34.70
Austria Sch 32.70
Belgium Fr 78.00
Canada \$ 2.50
Denmark Kr 16.00
Finland Mk 14.25
France Fr 11.17
Germany DM 4.85
Greece Dr 132.00
Hong Kong \$ 12.60
Ireland £ 1.30
Italy Lit 2314.00
Japan ¥ 308.00
Netherlands Gld 5.25

Bank 2.01
Norway Kr 132.50
Portugal Esc 12.00
South Africa Rd 2.08
Spain Ptas 164.00
Sweden Kr 10.85
Switzerland Fr 4.39
USA \$ 2.45
Yugoslavia Dnr 82.50

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Bad harvests and poor weather point to shortages and 10pc price rise

Why the sparkle is going out of champagne

Champagne prices are expected to rise by at least 10 per cent in the next few weeks, despite a decline in sales last year.

Shippers of nearly 10 million bottles a year of champagne being drunk in the United Kingdom—under about 100 different brand names—fear that which stocks hit by two bad harvests, poor spring weather could prompt further price rises in France. The likely inflation increases could add further pressures which all points to another round of price rises during the summer.

Several factors are helping to take away the sparkle from the champagne trade. Although the

trade believes champagne sales are better than in the rest of the wine and spirits market, the recession is taking its toll even of champagne drinkers' pockets.

Imports last year to Britain, champagne's best export market, were down probably more than 8 per cent, according to the Comité Interprofessionnel du Vin de Champagne, the industry's governing body.

But there is also a growing shortage of champagne. Although 1979 was a record harvest it came after a poor 1978 crop which had severely depleted stocks. Last year's harvest—the equivalent of 106.6 million bottles—was only 50 per cent of a normal year's harvest and only 60 per cent of champagne sales worldwide in 1979.

Thanks to rain which swelled the poor crop of grapes at the last moment—a harvest a third the usual size had been feared—it was of good quality and possibly a vintage crop. But it has left total world stocks at the year end at rather less than 550 million bottles or under three years' supply. The industry normally has three-and-a-half years' supply in stock.

If the champagne producers are to keep their profit margins, their prices will rise. These are inevitable and other increases, particularly in labour costs, are affecting the producers. So far price increases at the French production end are largely between 10 per cent and 20 per cent but there are

reports of some going higher than this.

A more favourable currency rate in sterling's favour compared with last year may help the British end of the trade to absorb a little of the French price rises. However, competition for sales could also be another factor as brands dash for a greater market share in a sector dominated in Britain by the Moët & Chandon label of Moët Hennessy which with its other brands has well over 30 per cent of the market.

Matthew Clark, importers of Taittinger, said yesterday its prices would be rising at the beginning of next month.

Derek Harris

Matthew Brown
8 COMPANY LIMITED 150 years
1830-1980
Lion Brewery Blackburn

Extract from the Report and Accounts to 27th September, 1980.

Extract from the report and Accounts to 27th September, 1980.		
RESULTS AT A GLANCE—in £'000	1980	1979
Turnover	25,905	22,881
Profit before tax	4,048	4,126
Profit after tax	2,607	2,682
Earnings per share (as reported)	15.33p	15.82p
Earnings per share (fully taxed)	12.00p	11.84p
Dividends per share	5.685p	5.074p

BY THE FINANCIAL EDITOR

Some necessary ingredients

By yesterday afternoon bulls in the gilded market were starting to show some enthusiasm. The latest United States money supply figures looked good, short-term dollar rates were continuing to ease, and bond and share prices were moving ahead strongly. Meanwhile, the dollar itself was falling sharply as loose international money was redeployed. At the end of the day sterling was 3 cents higher at \$2.4115, and it would be surprising if a return of sterling to the \$2.40 level did not offer the authorities at least one good reason for a further reduction in MLR before too long.

But sterling's strength will certainly not be a good enough reason in itself. So what other ingredients are needed? First, the authorities will want to know that they are firmly on top of potential money market/banking problems as the tax gathering season gathers pace. In this respect, all the signs yesterday were that the decision to reduce the banks' minimum reserve-asset ratio (from 121 to 10 per cent) had gone down well.

Second, the authorities will want to feel that on this occasion they actually have the money supply figures needed to justify their case. On that score we should know rather more this afternoon. While the market expects the December bank lending figures to be good, there is rather more doubt about the impact that the public sector may have had on the money supply.

Beyond that, the authorities will weigh up their medium-term interest rate strategy. Clearly there are enough problems ahead to guarantee no precipitate reduction in MLR in the first few months of 1981. But that need not rule out a modest MLR reduction some time this month, though not presumably until the authorities have played on market expectations to achieve some more funding.

How successful they will be with their funding this week depends largely on whether today's banking figures will in fact prove good enough to take investors' minds off the £800m plus of calls to which they are already committed over the next ten days.

Samuel Montagu
Mr Gadd
reorganizes

Innovative occasionally in domestic banking, Midland has been rather less adventurous when it comes to international banking. While the other clearers spent much of the 1970s building up their direct banking presence overseas, Midland seems only recently to have been converted away from the idea that consortium banking and banking clubs are enough to satisfy its international aspirations. Hence the belated moves to buy European banks and the current negotiations to take a majority stake in Crocker National Bank in the United States.

So it is not surprising that Midland should use the opportunity of the departure of Samuel Montagu's chairman to switch the emphasis of its in-house merchant bank. Hitherto best known for its dealing rather than strictly banking activities, the new structure unveiled yesterday by Mr Staffan Gadd, who has been the chief executive for only two months, underlines that Samuel Montagu will be taking a more active role in international capital markets from now on.

In part of course this is no more than a recognition of the facts of life that several of the other merchant banks have learned. International expansion, and links with overseas financial institutions, have been a feature of the likes of Hill Samuel, Morgan Grenfell and Hambros for more than a decade while Warburgs has carved a profitable presence in the Eurocurrency markets.

With the ending of exchange controls, only those merchant banks that can offer a comprehensive international service will be able to hold on to their most important corporate clients. Rooted in domestic markets, it is now Mr Gadd's job to show that there is a wider role for the bank.

The hope is that Samuel Montagu will be able to achieve this within the confines of Midland Bank. In some ways this is going to be more difficult than for the other in-house merchant banks.

Not only is this because of Samuel

Montagu's fiercely independent outlook as a member of the Accepting Houses Committee. It seems clear, too, that the bank is expecting a wider international brief than allowed the other in-house merchant banks. Unlike Barclays, where the international merchant banking activities are an adjunct to the group's international division, or National Westminster, where virtually all the international business is done outside the merchant bank, Samuel Montagu appears to be wanting to compete on all fours with its parent. At the moment it hopes the banking cake is big enough to give everyone a bite.

Grattan
Clearing
the decks

It looks as if the two recruits to the boardroom of troubled mail order group Grattan Warehouses who both hail from industry leader Great Universal Stores are briskly clearing the decks. Grattan normally releases its figures for the year ending this month in April. But yesterday it indicated a big final dividend cut after a maintained interim payment. It added that sales for the autumn-winter catalogue are well below last year's, but this will surprise no one. Grattan claims that response to the spring-summer catalogue is encouraging, but it has only been in customers' hands for three weeks.

The catalogue is said to reflect hard bargains struck with a depressed United Kingdom textile industry, but shoppers are wary of entering into long term commitments just now and the High Street sales continue to capture attention.

Against this background the dividend warning is not too disconcerting. It reflects both poor business and the November abolition of drawback tax relief. Meanwhile, the row with its auditors over the accounting treatment of VAT in the profit and loss account comes to a peaceful end.

The Accounting Standards Committee has decreed that Grattan goes back to the accounting method it used before the cosmetic change last April. This return to the "accruals" method will not harm the profit and loss account because debtors have fallen over the year.

Meanwhile, streamlining and the contraction of business mean that borrowings of around £17m now compare with shareholders' funds of £47m. The shares could encounter pressure next spring if an end to the Government's short-time working subsidy forces Grattan to sack up to 1,000 (at worst) of its 4,300 staff. But the group seems to be tackling its fundamental problems, and a possible 9 per cent yield is fair.

Avon Rubber's disposal of part of its loss-making medical division to Smith & Nephew for £2m marks the first of three stages to rid itself of an operation which lost £800,000 last year.

This sale should be followed during the remainder of the first half by the closure and disposal of a factory in Birmingham and of the American subsidiary which was apparently responsible for the bulk of the losses.

Even so, Avon is only expected to raise £2.75m altogether which will be used to help pull borrowings back from the £17m mark where they represented nearly 70 per cent of shareholders' funds.

Research and development costs in the high-technology medical field and competition with the multi-nationals which supplied entire systems instead of simply components like Avon, forced the operation into loss. Interest rates also played their part as the division contributed almost £2m to group borrowings last year, at a time when Avon was hard pressed in its other spheres because of its dependence on the car industry and, in particular, on BL.

Avon has been keen to complete this disposal programme and concentrate on its profitable areas, such as specialist tyres and the gas pipeline repair businesses which together contributed £2m to profit last year. Moreover, Avon has still to produce a property revaluation which should throw up a £5m surplus and push net assets to nearly £4m. Nevertheless the market may have acted over-enthusiastically yesterday, with the shares up 8p to 89p, to yield 8 per cent.

Aston Martin Lagonda is under new ownership. Edward Townsend reports

The fascination of luxury cars

In the 59 years of its existence Aston Martin has built fewer cars than the American motor industry assembles in 20 minutes.

Such statistics are compiled and quoted by the Buckinghamshire company to prove that its products are exclusive. And when prices range from £34,500 to £50,000 per car, evidence that these machines are more than a cut above the rest is essential.

The latest change of ownership of Aston Martin Lagonda, with two companies prepared to commit sufficient funds to ensure the marque's survival through the 1980s, has once again highlighted the fascination exercised over manufacturers and owners by exotic cars and raises the question why people continue to buy them even at times of severe economic depression.

The answer is a mixture of many factors; it is not simply that when times are hard, the rich will always find the money to buy big, expensive motor cars. A Rolls-Royce, as all owners know, is a solid investment, while at the more humble end of the luxury sector a TVR owner will have made his choice out of loyalty rather than a desire to maximize his return on capital.

Aston Martin says that electronically-controlled



The Aston Martin Lagonda: the luxury car sector captured about 1.7 per cent of the United Kingdom market last year.

Lagonda is "still comparatively new, still exciting" and, although its costs about the same as a new Rolls-Royce Silver Spirit, "it goes like a sports car".

"You know when you drive up to your club car park in a Lagonda that there will not be any others and to some people that is very important."

Definition of the luxury car sector is difficult but is generally considered to include Rolls-Royce, the big Volvo, Mercedes and BMW models, Jaguar and Daimler, big American cars, Range Rovers, Porsches, Peugeots and the full range of exotic sports cars.

The sector captured about 1.7 per cent of the United Kingdom market last year with sales of just over 25,000.

In 1979 about 32,000 were sold, a market penetration of 1.9 per cent, and this year, despite a further significant fall in overall car sales, luxury cars are expected to maintain their 1980 market share. One of the United Kingdom's leading manufacturers said: "These cars are largely immune to economic variations; when the market falls volume is very inelastic and the market share should rise."

Guesswork, however, plays a large part in forecasting the

luxury market, particularly as many expensive cars are in constant short supply.

Last year sales figures in Britain were down for some specialist car manufacturers, but when such small numbers of sales are involved the poor state of the United Kingdom economy may not have been the sole reason and quite incidental factors, such as currency variations and shipment opportunities, play their part.

In the first 11 months 1980 Ferraris were sold in the United Kingdom against 283 for the same period of 1979. Maserati sales were down from 32 to 16 and Panthers from 141 to 93.

Rolls-Royce, however, experienced only a slight dip in sales with its 11-month total of 1,279, just 52 less than a year earlier. Last year saw the arrival of the new Silver Spirit and Silver Spur, each costing the same as two modest semi-detached houses and burning a gallon of petrol every 12 to 15 miles.

Such considerations, say Rolls-Royce, are irrelevant to the people who can afford their cars. Nor is a production rate of about 3,300 cars a year, which the company plans to maintain throughout 1981, going to cause a significant depletion of world oil reserves.

For most of the specialist luxury car makers the 1980s provide continuing opportunity

for increased sales based on long-standing brand loyalty and the ever-present need among a proportion of society's well-heeled to drive something different. Indeed, last year, amid the gloom of steadily falling sales of more popular cars, the specialists introduced a spate of new and even more exotic machines.

The British contingent included the Rolls-Royce, the 133 mph TVR Tasmin costing £12,800 and Bristol Cars' 140 mph Beaufighter, which carries a price tag of £38,000 and a claim that it has the highest acceleration of any four-seater automobile in the world.

Mr Anthony Crook, managing director of Bristol, who makes anything from one to three cars a week, says that while 1980 was a bad year "the worst is now over" and, with his cars priced at between £20,000 and £37,000 less than the nearest Aston Martin or Rolls-Royce competition, Bristol cars would have the edge in 1981.

Some customers are delaying replacing their Bristols, he says, particularly when they are in the throes of making large numbers of their workers redundant. "But frankly, there are some professional people who have done very well out of the recession and are still buying our cars."

Soviet economy: the men who influence the Kremlin



Mr Nikolai Baibakov, chairman of the State Planning Committee: has the task of presenting the results and forecasts of the five-year plans to the Supreme Soviet.



Mr Dzherman Gvishiani, deputy chairman of the State Committee for Science and Technology: aware of western business practice and management techniques.

Moscow

The Soviet economy is the world's largest state-run undertaking and its size and complexity become yearly more awesome. Stalled for years, the Soviet economists planning little part in shaping the country's economic decrees that laid the infrastructure for the industrialization of the young Soviet state. Now, however, they are crucial in trying to guide and refine a system which threatens to stifle itself in its own cumbersome-ness.

Leading Soviet economists and academic analysts are becoming increasingly visible in the press and are now more influential in the decision-making process. They do not argue in public, as in the West, nor do they venture outside the politico-economic framework within which the Soviet Union operates.

They have not achieved the status of "gurus" or won Nobel prizes. But, within the system, they expound the new initiatives, organize the seminars, highlight the problems and give the West a clue to Soviet economic thinking and activity. One of the most active and influential at present is Mr. Abel Aganbegyan, the head of the economic section of the Siberian branch of the Soviet Academy of Sciences. He works in Akademgorodok, the experimental city set up outside Novosibirsk, where he edits a monthly economic journal, *Eko*, which contains some of the most revealing material published on the Soviet economy.

An Armenian, as his name indicates, Mr. Aganbegyan is a great believer in a "rational" system of organization and management. He is a reformer in the sense that he wants to cut out waste, improve efficiency, refine the planning process and make it more responsible to the needs of the country.

One of his long-standing calls has been for price reform, an issue on which almost every economist agrees and which will have an effect in a year's time. Prices at present bear little relation to actual costs, as factories get much of the capital investment free and do not pay the full cost of power, natural resources and so on. Mr. Aganbegyan provides in-

valuable evidence of how the system actually works. A recent issue of *Eko*, for example, published a study of a particular Soviet industry seen from various points of view—that of the manager of the enterprise, the planner, the economist-making comparisons and pointing out contradictions. He has also published interviews with a system of instructions from above.

Another economist closely associated with present attempts at reforming the planning structure is Mr. Dmitry Valovoi. He is an academic writer who has been contributing to economic debates since 1965, the year of the ill-fated Kossygin attempt to decentralize the economy. The first real attempt at reform since then was published in July, 1979. Its main thrust was the change in which the planner, the economist, and the manager were to be separated. Mr. Valovoi has been saying that he probably played an important part in formulating the decree.

Ironically, his name actually means "gross" but his arguments have always been against the crude measurement of gross output: by factories. Like Mr. Aganbegyan, he is interested in efficiency and especially in establishing proper indicators so that planners can get a true idea of what is going on.

The crudest indicator is gross output—the more a factory produces the more successful it is deemed to be, regardless of quality, demand or need. This can be refined to gross value added, but this is still a crude measure of the system's performance. A further refinement is possible: gross value added less the actual cost for each particular factory. But this introduces so many variables— it takes into account things over which factory management has no control, such as transport and location—that the indicator would be too complicated for centralized planning.

Mr. Valovoi caused a minor sensation in 1977 when he wrote a series of three exposés, of unprecedented frankness, of what was wrong with Soviet economic planning. The editor of *Pravda* was rebuked at the highest level.

Another economist closely associated with the more radical reforms is Mr. Yevsey Lieberman, who drew up the proposals at the end of the Khrushchev era for a sweeping decentralization. But by the time the new Kossygin-Brezhnev regime had modified them much of the bite had gone.

The ideas ran into a wall of silent opposition from bureaucrats and the state planning apparatus, whose absolute control was threatened, and the 1968 Czechoslovak crisis finally put an end to all further ideas of economic decentralization.

Mr. Lieberman is clearly identified as a "liberal" and is frequently mentioned in conversations about the economy, but he has not published any important papers for a time.

One man who has an increasingly important say in economic management is the demographer Mr. Viktor Perevedentsev, whose special studies of Soviet population trends have inevitably brought him up against one of the key questions for the future of the economy—the distribution of labour.

In the Soviet Union this is a politically explosive question. The industrialized part of the country—European Russia and the Baltic area—is dangerously short of manpower owing to a fall in the birth rate. Siberia, the mineral-rich area, lies buried, has no spare labour. Yet Soviet Central Asia has vast labour reserves because of the high Muslim birth rate.

Mr. Perevedentsev has interpreted 1979's census results with a forceful warning that the difficulties of moving labour without some form of unemployment, which is still politically unacceptable.

He has also written on city planning, the flight from the countryside and the social effects of the near universal employment of women, all of

which are matters for concern, and have a clear effect on economic performance.

The remaining two men who play a visible part in economic decisions are not economists in the pure sense. One is Mr. Dzherman Gvishiani, an internationally known management specialist who has been deputy chairman of the important State Committee for Science and Technology since 1962. A silver-haired Georgian and son-in-law of the late Prime Minister, Mr. Alexei Kosygin, he is an astute, energetic man who would make an excellent head of a top management school in the West. He is probably more in touch with western business practice and management techniques than any other Soviet official.

He has written much about the interplay of science, technology and the economy and has the difficult job of getting the latest discoveries put into practice in the Soviet Union, adapting western ideas and know-how to the Soviet model.

The other immensely powerful man in the Soviet economy is Mr. Nikolai Baibakov, chairman of the State Planning Committee, the body which draws up the five-year plans and is responsible for the details of running of the Soviet economy.

Aged 69, he has been in charge since 1965 and has the constantly harassed look of a man overwhelmed by the burdens and complexity of his job. It is his task each year to present the results and forecasts to the Supreme Soviet, to expound the plans and to present the disappointments in as oblique a way as possible.

He rose swiftly to be chairman of the State Planning Committee in 1955, then in 1957 fell foul of Mr. Khrushchev and was twice demoted. Mr. Kosygin restored him to his old position and since then he has had to balance economic necessity with political constraint.

Apart from these six figures there are now many highly trained Soviet economists working in ministries and factories and lecturing at universities. Most are familiar with foreign studies of the Soviet Union and many have a good grasp of economic conditions outside their country. But for the most part they are invisible men, who appear only occasionally in the press and do not have the obvious influence of those already mentioned.

Indeed, even these six can have only limited personal influence. Within the Soviet system everything depends, as usual, on the political decisions, at the top.

Michael Binyon

Business Diary: Gold fever in the Rockies

Denver, Colorado

Not so long ago in this city on the western edge of the Great Plains the only things taller than a three-storey building were the pine trees on the slopes of the Rockies half an hour's drive away. But in the past three years that has changed and downtown Denver is a frenzy of office building.

Twenty or so skyscrapers have risen from the temporary car parks which replaced the slums razed in the sixties.

Most of the foreign money fuelling the boom is Canadian, but there is a modest British presence. Earlier this summer the Imperial Tobacco Pension Trust bought an office and warehousing development for \$23m (about £10m). But that is small beer compared with European Ferries, which is a partner in a spectacular development on the outskirts.

Typically ebullient, Keith Wickenden, MP and chairman of European Ferries, claims that this development, when complete, could bring in rental profits of £105m over 10 years. It sounds far fetched, but it is more or less supported by those most reputable London brokers, Hoare Govett, who earlier this year came out to see for themselves.

As Wickenden says, "Although the population of Denver is only 1.5 million, the demand for offices and commercial buildings is stronger than in London."

The reason for the excitement is mining. Colorado has always had some of America's oldest and most productive gold and silver mines, but today it is the plans to exploit the massive oil shale reserves deep in the



"It's very easy to exaggerate unemployment. Assuming that we have 2½ million on the dole and that the average family consists of four persons, then something like forty odd millions of us live in employed households and only nine millions are directly affected by unemployment."

Rockies which have transformed the town.

Exxon has already submitted a proposal which forecasts the transformation of the sleepy Colorado mountain town of Great Boulder into a metropolis of more than two million people—half as much as the present entire population of the state—which would be the largest such investment ever undertaken in the world.

The proposal is bitterly resisted because of the disastrous effects it might have on the environment, but such is America's craving for oil to rid itself of its dependence on imports that local people do not think that they can stop the project, although they hope to tone it down. As a true blue Republican state, with inhab-

itants who still look and walk like cowboys, Colorado hopes for more of a hearing in the Washington of Ronald Reagan. Nor are the locals simply sticking their heads in the (tar) sands. The mainstay of the Colorado economy is tourism and they fear that this latter-day goldmine could be destroyed for ever if oil development is not strictly controlled. Those with an eye for history are wary, too, about relying too much on the fickle fortunes of mining. They have seen it all before.

Just up the road from Denver is Cripple Creek, a town of 950 people. In its gold mining heyday at the turn of the century it had 55,000 inhabitants, 30 millionaires, 15 newspapers, its own stock exchange and, so,

legend has it, the finest brothel west of Chicago.

Its mines produced more than 20 million ounces of gold, worth at today's prices \$12,000m. But the mines were closed in 1961 and the only revenue today is from tourists paying \$3 a head to look round. The brothel is a museum.

Gold fever is hard to shake once it is in the blood and a favourite summer weekend sport for Denverites is to drive up the mountains and pan the streams for gold brought down with the spring floods. It is neither as romantic nor as backbreaking as in the old days. For \$600 the serious amateur can buy a "hobbyist" mechanical sluice box which fits in the car boot, and it takes a lot of the slog out of processing the tons of material needed to collect a few ounces of gold.

Laid into the sea on the 14,000-foot hills are alive with the sound of babbling brooks but of the white of the Hobbyist's 31HP engine, brought by families who like to prospect while they picnic. Aspen has discovered a new route to prosperity—catering for the ski set. Even so, it may shortly face a challenge from what the publicists say will be the most expensive resort ever built, the \$1,000m Beaver Creek.

Beaver Creek is setting out to be the ultimate ski resort, catering to that section of the market for whom St. Tropez has become a bore and Musique has lost its mystique. To do this a huge tract of prime mountain has been cleared of forest and ski runs have been designed by computer to provide the best

use of contour, minimize the sun's rays on the slopes and yet provide the most exciting skiing "anywhere in the world."

It is being developed by Vail Associates, a company which makes more than \$30m a year just by hoisting skiers up the slopes in nearby Vail.

Homes in this ultimate resort will cost upwards of \$500,000—the price said to have been paid by former President Gerry Ford—just for the site. And, as the publicists say, if you are spending that much for land you will want to put a good home on it, so reckon on spending at least as much again for the building. And remember to put in a flat for the servants—shortage of employee housing is one of the main problems in the Colorado ski business.

Not that the houses have been built yet, but they will appear along with the hotels and restaurants over the next 10 years.

Ironically, the world's most expensive resort is being opened at a time when the industry as a whole is struggling, largely because of soaring costs, and is hatching plans to attract European skiers to the Rockies. Because of the weakness of the dollar the prices are competitive, but the key to the success of the effort lies with Western Airlines. This is the operator which has been granted rights to fly direct from London to Denver. After some delay, for mainly financial reasons, the service opens in April.

When that happens the British would do well to look more closely at Colorado.

Anthony Hilton

Barclays Bank
Savings and Deposit Rates

Barclays Bank Limited announce that with effect from close of business on 2nd January, 1981, interest payable on Bonus Savings Accounts was increased from 13% to 13½% per annum; interest payable on ordinary Deposit and Savings Accounts was decreased from 12% to 11½% per annum.



Reg. Office: 54 Lombard Street, EC3P 3AH. Reg. No. 4669.

مَكْنَزٌ مِنَ الْأَصْلِ

Stock Exchange Prices

Lack of Buyers

ACCOUNT DAYS: Dealings Began, Dec 24. Dealings End, Jan 9. \$ Contango Day, Jan 12. Settlement Day, Jan 15
\$ Forward bargains are permitted on two previous days

Forward bargains are permitted on two previous days

[illegible]

